JULY 12, 1982







The Fougues Ferrari collection of that slim quartz movement centre second calendary Satisfance glass with resistant 2 toned model with white gift or black dial. Hers. Ref. 1858. His Ref. 1870

Longines Quartz made in Switzerland



Lebanon

To the Editors

Israel hopes that routing Palestinian forces in Lebanon mostly at the expense of Arab civilians will signal the end of Palestinian nationalism [June 21]. Thoughtful Jews reflecting upon their own often tragic history surely must realize that humiliation and displacement only strengthen collective identity and the determination to express it.

Lant Ahmad San Francisco

When the dust clears and Israel retreats one fact will remain. Israel can go home so can the Syrians. The Lebanese can rebuild their country. But where can the Palestinians go? There will never be peace in the Middle Last until the Palestinians are given self-determination in their own land.

Charles Aboure_k
Porcupine S Dak



For every PLO supporter wiped out in Lebanon, two are being created in the US. Israel has traded its future security for an immediate tenuous security.

Walt Karwicki II York Pa

Menachem Begin is cynical if he believes raining death on the Lebanese will make Israel more secure. His use of force will only create more refugees, more hate and more cries for retribution.

> Andrew Casterline Lemoore Calif

All the free world desperately wants the Jews to have a country. That is why we have for so long encouraged their nationalism. Unfortunately, they are now going beyond nationalism. They are paranoial thinking they have no allies. If they continue in their aggressive drive their paranoia will come full circle. Their worst tears will be realized.

Katherine Kiefer Jeneid Norden Calif

Letters

You fail to make a clear distinction between the PLO and the Palestinians For years the PLO has operated from heavily populated areas. Yasser Arafat knew that an Israeli counterattack would result in heavy civilian losses. It is obvious that the security of his terrorist organization was and still is more important to him than the safety of people he claims to be defending.

Michael Maya Oak Ridge Tenn

Your headline should have read. The High Benefit [not Cost] of Friendship with Israel Consider we now have the deteat of two Soviet clients. Syria and the PLO a demonstration of weaknesses in Soviet military technology, the capture of huge weapons caches and the possibility of a free Western-oriented Lebanon.

Richard D. Wilkins | Syracuse

Once again people must die because of the unsolved problems between Israelis and Palestinians. A majority of public opinion concedes that the Palestinians have a right to a homeland but does it have to be the West Bank or even Israel? Is the world's memory of history so short that nobody can remember that the Kingdom of Jordan once was also a part of Britain's mandate of Palestine? The Palestinians should make peace with King Hussein and go back there

Detlef Schoeneberg Nuremberg West Germany

The UN call for a return to the status quo in Lebanon does not make sense. In the preinvasion situation, there were several armed groups occupying Lebanon. They fought within their own ranks as well as with one another. The Israeli invasion was unquestionably an outrageous action, but the status quo being even more outrageous demanded no less. The real villain in this tragedy is the United Nations. It did nothing to prevent Syrian or P1. O. forces from imposing their control over Lebanon.

Jeffrey Pryzant Plastrik Houston

The characterization of Yasser Arafat's policies as relatively moderate makes him sound like a middle-of-theroad American politician. He is perhaps moderate only in comparison to such immoderates as Gaddati and Khomeini. On any other scale. Arafat, who has advocated the elimination of Israel and who is probably the person most responsible for the proliferation of worldwide terrorism would be recognized as the extremist that he is

Sandor M Gelman West Bloomfield Mich

As a Lebanese driven out of my town Damui five years ago, I want to remind everyone that it was the Syrians and the

Palestinians who were the first invaders not the Israelis

Shaker 1bou-Khalil Ann 4rbor Mich

Nuclear Rally

TIME seems to regard the peace protesters who confront Reagan at home and abroad as leftists [June 21]. You should recognize once and for all that one can be a loyal American and believe in a strong defense and still not wish to see the world burned up.

> Michael M. Rosenblatt Seattle

I deplote the antipathy toward the US by the left-wing parties of my country. The contribution of the US to the struggle for freedom and human dignity in this century is unforgettable. Without the American commitment, there would be no free countries in Europe.

Josephus J.M. Swinkels Veendam. The Netherlands

TIME implied that Physicians for Social Responsibility was opposed to the nuclear-freeze rally. We did have some reservations about the initial objectives of the march, which had been a grab bag of diverse social and political causes. We felt that multilateral nuclear disarmament should be the rally socie focus. However, when it became clear that more than half a million demonstrators from a broad cross section would be going to New York City, with nuclear weapons, their only concern. Physicians for Social Responsibility signed on as a co-sponsor.

Thomas A Halsted Director Physicians for Social Responsibility Cambridge Mass

Doves of War

In your cover illustration on the Smar withdrawal [May 3] you showed a dove holding a stick of bombs instead of the conventional olive branch. The picture was most appropriate not so much for the Smar situation but for the bird itself. I rear doves and have consequently had an opportunity to study them firsthand. There have never been more quarrelsome creatures. Though they have abundant food water nesting space and the freedom to fly wherever they wish they spend most of their time destroying each other's nests, fighting for status and hacking to death any chicks unfortunate enough to have fallen out of their nests. The dove is the last bird that should be the universal symbol of peace

> Christine lagannathan Coimbatore India

11 111 RS TO THE EDITOR should be addressed to TIME Letters. Time & Life Building 3 6 2 chome Obtenachi Chroslaku Tokyo 100 Japan and should include the writer's full name address and home telephone. Letters may be edited for purposes of clarity or space.

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-David Ogilvy



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A Letter from the Publisher

packing her bags to join TIME's team of reporters and photographers covering World Cup play in Spain for this week's cover story. Paris Correspondent Sandra Burton naively

included her camera and suntan lotion in anticipation of a little sun and sightseeing Once in Spain, however she spent her time traveling to eight of the 13 cities where the games were played Burton saw little but airports railroad stations and football fields. Even in the cathedral town of Santiago de Compostela she found the curio shops were as full of football souvenits as they were of rosary beads

Burton along with TIMI's Jane Walker and Photographers Tony Suarez David Drapkin and Robert Royal discovered something else as well. Because the U.S. tootball ream had finished last in its subgroup and failed to qualify for the finals, in- Burton in Barcelona ternational football officials made it par-



ticularly difficult for the few American journalists on hand to get tull accreditation. The reaction of some officials, the visiting press suspected was colored by a resentment of the way in which they judged the Americans had fiddled with the sacrosanct rules of tootball in an effort to make the game more exciting

Walker who normally works from Madrid also spotted a fa-

miliar Spanish custom. The whole event turned out to be another charmingly typical example of mahana Mahana when we wanted to confirm hotel bookings, mahana for travel reservations, and mañana when we went to collect press tickets "The TIME team, however out-queued and out-traveled the fainter of spirit and managed to cover the major moments of 1982 World Cup play

> both on and off the field Reported Burton:-"I didn't mind being isolated in the realm of football Notonly is soccer a beautiful game to watch, but the World Cup is a happening that dwarfs Woodstock

For Associate Editor John Nielsen, who wrote the story, the 82 World Cup is the third with which he has been professionally involved Nielsen reported on the 74 Cup in West Germany and wrote a cover story on the '78 Cup

He also played soccer at the US Naval Academy, from which he graduated in 1963, and later while living in Spain, became a Barcelona fan I ast week Nielsen. sat by the television set avidly following the satellite transmissions from Spain

Cover: Photograph by Antonio Suarez

There is nothing like the World Cup' he commented 'The quality of play and the high stakes turn it into drama of epicproportions. One that makes good reading as well

ohn a meyers

Index



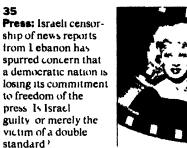
World Cup. Sporting s premier event enters its final week troubled by financial losses sporadic violence and sparse attendance but blessed by inspired football from the best Brazilian team in more than a decade See SPORT



World: The PLO plays for time, hoping diplomatic pressure will prevent Israel from launching the final attack > Michael Somare comes back strong in Papua New Guinea elections ▶ China starts to count its billion

22 Seconds Deleted by Israeli Censors 48 Economy & Business: It's not quite so large as the US Government but the company George Shultz left to become Secretary of State has engineered vast construc tion projects. The biggest yet is under way in Saudi Arabia

Walker in Madrid



American Women: The FRA is defeated and women in the US take stock of progress toward equality The amendment fight has made them politically savvy and they are step-

ping up the action

See UNITED STATES



Essay: The American public idolizes its movie stars but never stops asking What are they really like? Now Hollywood seems bent on disclosing more than anybody could absorb about the stars- or even care to know

1 Letters

16 United States

36 Living

39 People

53 Milestones

54 Books

56 Cinema



alestinian soldier, his rifle sking across his shoulder, walks through a rubble-strewn Beirut street that was hit by an israeli raid "

-World

TIME JULY 12, 1982

MDDLF LAST

"Leave West Beirut!"

Segin warns the civilians as negotiators race to prevent an attack on the city

ay after day, the unnerving calm stretched on The truce between Israeli invaders and Palestinian defenders that had been in effect or more than a week threatened to break own at any moment with potentially diistrous results for the entire region. As ilks continued, with US Special Envoy hilip Habib serving as chief negotiator. iere appeared to be just two possible outsmes 1) a large-scale withdrawal from ebanon of all or most of the Palestine iberation Organization's 6,000 fighting en based in West Beirut, 2) an Israeli islaught against the PLO's redoubt, ading to an Israel victory over the LO and the death or mury of thounds of Lebanese and Palestinian civilns as well

The PLO was clearly playing for me, hoping that diplomatic pressure om the US. Western Lurope and the rab world would prevent Israel from unching its final attack Fearful that the ace would keep them from achieving a tal victory over their enemies, the Israe-increased the pressure on the PLO ts screamed over West Beirut at night to op flares and smoke canisters, vivid reinders of the destruction that could rain

from the skies Addressing his remarks to the civilian population of Beirut Israeli Prime Minister Menachem Begin declared on the floor of the Knesset "Leave leave, save yourselves! We don't want to harm any of you By foot or by car, leave West Beirut." Thousands of Israeli leaflets dumped by plane on the Lebanese capital contained a similar message

In this grim atmosphere, the struggle for peace was essentially a race against time. For the U.S., the challenge was the one that President Reagan alluded to in his Wednesday evening press conference how to "walk the very narrow line" between keeping the pressure on the PLO to negotiate a withdrawal, and on Israel to refrain from making a devastating attack on West Beirut. To neglect the former would be to give the PLO the mistaken notion that world opinion might yet save it. To neglect the latter would be to invite an Israeli bloodbath in the capital.

In Beirut, PLO Chairman Yasser Aiafat was quoted by a leftist newspaper as comparing himself with the wartime Winston Churchill "Why do you say that I will leave Beirut?" Arafat demanded "What is this stupid propaganda? Did Winston Churchill leave London!" Ara-

fat's bravado concealed the harsh truth of the PLO's predicament there is no place it can go and survive in its present form The PLO leadership and many of its guerrillas may eventually be given sanctuary in one or more Arab countries but none was willing to accept the PLO as an organized military force of to allow it to act as a special state within a state, as it has done in Lebanon. The Palestinian cause will persevere since the status of more than 4 million Palestinians including 13 million in the Israeli-occupied West Bank and Gaza Strip remains unresolved But the role of the PLO in behalf of that cause has been decisively changed by the events of the past month

Habib's task was to reconcile Israel's blunt demand that the Palestinians lay down their arms and flee the country with the PLO's plea for an "honorable surrender". On Monday the PLO presented Habib with a set of requests. The most important was the retention of a "symbolic military presence in Lebanon in the form of two armed brigades that would be commanded by the Lebanese army. The PLO has similar arrangements in Jordan and Syria. In addition, the organization asked that it be allowed to maintain



With the cease-fire in effect, israeli soldiers aboard an armored personnel carrier gaze in slience at the embattled city of Beirut below DAY D RUBHES

its own aimed police force in the Palestinian refugee camps within Lebanon and to retain a diplomatic mission in Beirut

When the Israelis flatly turned down the PIO, the US continued its private discussions with the Lebanese government in search of a workable compromise Both the US and Lebanon opposed a PLO armed presence, either within the Lebanese army or in the refugee camps and they agreed that the PLO leadership must leave Berrut But the US did not agree with Israel that all 6 000 Palestinian soldiers in the Beirut area should be required to quit Lebanon Washington contended that guerrillas who were prepared to surrender their arms should be permitted to remain in Lebanon as part of the Palestinian refugee population The key element for the US and the Lebanese was not Israel's call for a total eradication of the PLO but an end to what one senior US diplomat described as "armed enclaves in Lebanon

With Lebanese officials serving as intermediaries, the Reagan Administration sent a nine-point US-Lebanese proposal to the PLO, offering the Palestinians a more or less honorable surrender. At the heart of the plan was a goal believed to be acceptable to all parties, including the Lebanese and the Syrians the removal of Palestinian, Israeli and Syrian military forces from the Beirut area, and their replacement by Lebanese army units An accompanying message from the US to the PLO contained a terse warningmake a quick decision to withdraw from Lebanon or face the fact that Israel would "probably" invade West Beirut and expel the PLO by force The Israeli army, said the US, was "prepared for it, can do it. and is not going to wait forever without resolving the situation "

Although the Israelis had been insisting that PLO members lay down their arms before leaving Beirut, Begin made a midweek concession the guerrillas could keep their side arms. We'll let them keep their personal weapons," Begin told the Knesset "We won't humiliate them But they're going to leave Beirut, and they're going to leave Lebanon"

Though few specifics were known of the Habib negotiations in Beirut, one senior US diplomat declared that the talks had reached the "rug merchant stage," implying that the various sides were haggling over the details of a PLO withdrawal By the end of the week, all parties were believed to have accepted the main principles of the US-Lebanese plan The PLO realized that it must move its basic operations out of Lebanon, while the Israelis grudgingly accepted the idea that the Palestinians could retain a political office of some kind in Beirut

Still unresolved was the question of where the PLO leadership would go if it did leave Beirut Several Arab states, including Egypt, Syria Jordan and even Saudi Arabia, have expressed some willingness to admit the Fatah leaders but only Egypt has made an offer The US believed that any of these states would be sure that the PLO did not regain its former military power

Whether Israel intended from the beginning of its "Operation Peace for Galilee" a month ago to press on to Beirut remains uncertain, but its primary aim, as Defense Minister Ariel Sharon put it bluntly last week, was "to destroy the PLO" In addition, the Israelis were after the top leadership A Knesset member who belongs to the ruling Likud coalition last week told Time's Robert Slater, "We were definitely after Arafat Whenever

we knew he was heading for a certain bunker in Beirut, we sent planes to that bunker in the hope that he would be harmed On the third day of the invasion, the Cabinet was actually informed that he might have been killed"

Israel's assault was criticized from abroad for causing so many civilian casualties and for the possibly illegal use of some of its advanced American weaponry (see box) At home, some of Begin's critics felt the government had misled the country about its war aims Shimon Peres. leader of the Labor opposition, noted in the Knesset that he did not want to get into a political argument, but said he hoped that Begin realized that there were public doubts about the campaign Although the protests continued, a poll published last week by the Jerusalem Post suggested that the invasion was strongly supported by the Israeli public According to the survey, 78% of those questioned said the operation in Lebanon was 'definitely' justified, another 16% supported it with some reservations and only 5% opposed it The poll concluded that if an election were held now, Begin's Likud would win by a landslide

Begin has reason to be concerned, however, about how the invasion has affected Israel's reputation overseas. Apart from the criticism it has aroused in the U.S., the attack has been widely condemned in Western Europe. The French government which has been particularly active in seeking to defuse the crisis, was also entaged by a U.S. veto of a U.N. Security. Council resolution that France sponsored two weeks ago calling for both Israeli and Palestinian withdrawal from Beirut (The U.S. protested that the resolution did not call for a disarmament of the P.L.O.) The British government has

World

roundly condemned the Israeli action in Lebanon, where, in the somewhat ironic words of one British diplomat Israel has behaved 'like a ruthless colonial power By humiliating and destroying Arafa and the more moderate wing of the PLO the British believe, Israel has provoked 'a wholesale radicalization of the younger PLO leadership

So far, the reaction of most Arab states to the Israeli invasion has been more muted than even the Israelis had expected But Egyptian President Hosni Mubarak was said by a Western diplomat to be angry frustrated and humiliated over the whole affair. The presumption was that the Camp David peace process had contributed in a marginal way to Israel's decision to launch the invasion since the agreement had neutralized Egypt and thus reduced Israel's need to worry about its southern border.

Behind the scenes the most active of the Arab states was Saudi Arabia, whose leaders were upset about the plight of the PLO but did not as has been reported threaten to use the 'oil weapon' against the US if Washington failed to stop an Israeli attack on West Beriut Late last week the Saudis quietly invited Lebanese Phalangist Leader Bashir Gemayel to visit Taif, their unofficial summer capital, for talks with King I ahd and several visiting Arab diplomats Gemayel a Maro-

nite is not only leader of the powerful Christian militia known as the Lebanese Forces but a member of the recently formed National Salvation Committee

The Saudis apparently wanted Gemayel to agree to the PLO s retention of both a limited military and political presence in the war-torn country, but under Lebanese sovereignty Under the Saudi plan a force of 800 to 1 000 Palestinian soldiers would stay in Lebanon while the remaining guerrilla forces which may number as high as 35 000 would leave for Jordan Syria and Egypt but always subject to local control. Backed with weapons from the Israelis, the Christian Phalange has in the past fought the Muslims and the PLO On his return to Lebanon. Gemavel warned the PLO that it must face the 'new realities, but he did not call for its complete removal from his country

If the PLO is eliminated as a military presence in Lebanon, the Christians could be on the verge of a return to power Certainly this is a goal that the Israelis would endotse. But would the Christians seek to re-establish their former position with finesse and understanding or with a vengeance that could provoke a return to civil war? Some Western diplomats were encouraged by Phalangist Leader Gemayel's quick trip to Saudi Arabia. They believe it showed that Gemayel is not pre-

pared to take power in Lebanon as an Israeli puppet, but is instead interested in resuming the national consensus that is crucial to Lebanon's survival Moreover, the trip may indicate that Gemayel realizes he cannot establish himself as an Arab leader and at the same time throw out the PLO completely

On the question of allowing the PL O to retain a 'symbolic' presence, the Lebanese government was deeply divided Right-wing President Elias Sarkis was holding out for a complete withdrawal, while moderate Prime Minister Chafik Wazzan insisted upon a minimal PL O presence At one point Sarkis declared "The Palestinians will have to do what they are told or they will be killed 'Wazzan shouted back 'Give me a Kalashnikov lan assault riflel and I will be killed with them

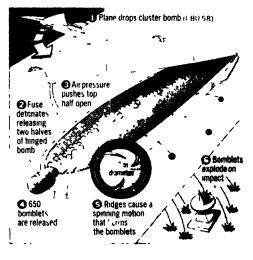
The intricate political maneuvering went on against a backdrop of desolation and fear The residents of West Beirut were constantly reminded that the Israelis were at their gates that the time for a settlement was running out. Thousands fled to the safety of East Benut and the countryside Refugees from the south had already crowded into schools and arcades and commandeered apartments. In this tense setting one automobile driver created a panic simply by leaving his old red Mercedes double-parked for a few minutes in front of a building packed with refugees The danger the car might contain an explosive charge. One mother, an infant in her arms sprinted a block and, with tears running down her cheeks hid behind a stone wall. Then she ran another block When the driver of the Mercedes returned a few minutes later he found a crew of young men trying to take the car apart in search of a bomb

In West Beirut many buildings bore scars from the current crisis Palestinian and Lebanese Muslim fighting men remained at their guard posts, as a few stray civilians removed possessions from bombed-out apartments. Near the entrance to the Shatila refugee camp, children splashed in a pool created a few days earlier when a bomb dug deep into the earth and struck a water main.

Among the war-weary people of Beirut including Lebanese Muslims and even some Palestinian civilians, there was developing a widespread feeling that the PLO power structure must leave-and soon Said a West Beirut shopkeeper "If the Palestinians do not go they will take us all down with them " Expressing some of the same feelings, a Palestinian businessman declared "The PLO must accept defeat We have all suffered too much madness and destruction" Everyone could agree on that At week's end, as the Israelis moved to seal off all entry to West Beirut, the question was whether the negotiations could succeed in time to head off the Israeli onslaught —By William E. Smith. Reported by Harry Kelly/Jerusalem William Stewart/Beirut

Controversial Clusters

■o back up the charge that the Israelis were using lethal cluster bombs supplied by the US in civilian areas. the PLO last week put on display parts of one type of the weapon that it claimed had been found in Lebanon The US had provided the Israelis with two models of the bomb, both of which work on the same principle The Mark 20 Rockeye scatters eight-inch steel darts and the Cluster Bomb Unit 58 sprays bomblets armed with a charge that explodes on impact (see diagram) Because the bombs indiscriminately blast an area several hundred feet in diam-



eter, they are clearly unsuited for use in civilian neighborhoods. The Israelis have admitted using cluster bombs, but never in civilian areas. Still, any use of the weapon may be a violation of the Israelis' reported piedge to use it only against two or more Arab states. Israel not only does not consider the PLO to be a state it does not recognize the organization as a legal entity.

Israel also agreed to use the cluster bombs only for defensive purposes, as it does with all weaponry received from the US Washington has formally asked the Israelis to justify the use of the bombs Until it receives an answer, the Administration will not decide whether to ask Congress to cut off weapons deliveries to Israel as punishment, Such a recommendation is considered highly unlikely

Trouble in the Pipeline

The U.S. and its allies are at odds over how to deal with Soviets

t is more than a debate deeper than a commercial dispute over narrow national interests. The public row that pits the US against its major allies over the projected Euro-Soviet pipeline has exposed a gaping fissure in an issue central to the Atlantic Alliance's very existence how to deal with the Soviet Union Meeting in Brussels last week the leaders of the ten-nation European Community sternly warned President Reagan of the "adverse consequences" of his move to block or at least delay the planned \$10 billion pipeline that is supposed to deliver natural gas 3,500 miles from Siberia to the heart of Western Europe starting in 1984

Reverting to his old hard-line approach Reagan had extended the existing ban on sales of American products for the pipeline to include equipment manufactured both by US subsidiaries abroad and by foreign firms operating under US licensing agreements So angered were some European leaders that the first draft of the Brussels summit's communique, later toned down, was described by a senior British diplomat as a virtual European declaration of economic war against the US

Taken amid mounting transatlantic trade tensions over steel, agriculture and textiles, Reagan's pipeline decision confirmed suspicions within the Community that Washington, in pursuit of its goals was riding loughshod over Western Europe's economies Rightly or wrongly, Western European leaders had been led by Secretary of State Alexander Haig and other officials to believe that the US was willing to soften its opposition to the pipeline in the interest of harmony, and specifically in exchange for a European agreement—feeble Source of tension: Soviet gas pipeline under construction the Soviet bloc

French President François Mitterrand took the lead last week in urging his European partners to consider retaliatory measures against the US He declared "We cannot be content to turn [summit meetings] into just so much internal propaganda for each of the participants In that case, they should not be held at all ' The French President was threatening by implication to boycott next year's summit, to be held in the U.S. Britain's Prime Minister Margaret Thatcher took one look at the original Brussels text and told her aides, "I cannot put my signature to this declaration, which goes beyond what is acceptable in publicly criticizing our American ally "Backed by West German Chancellor Helmut Schmidt, Thatcher succeeded in talking her European colleagues into a milder line that called for an 'effective dialogue' with the US

Despite their attempts to moderate the public spat with Washington Thatcher and Schmidt still hoped to change U.S. policy The British Prime Minister instructed Secretary for Trade Lord Cockfield to give notice that Britain is prepared to defy the Reagan sanctions in order to enable British companies to complete \$200 million worth of Soviet orders for the huge natural-gas project Said Thatcher to the Commons The question is whether one very powerful nation can prevent existing contracts being fulfilled I think it is wrong to do that. In the



though it was-to tighten credit to It would be illusory to believe the US can stop it

same spirit, Schmidt announced that 'like our European partners, we shall stick to the natural-gas pipeline deal because it serves the necessary diversification of our energy supply

It will also save thousands of jobs at a time when unemployment in the Community has reached a postwar record of an estimated 95% Both Mitterrand and Schmidt have repeatedly explained to Washington that Western Europe's defense capability is inextricably linked to its economic well-being and social stability That view so far has failed to sway the White House where aides blamed Haig for having misled the Western Europeans into thinking that Reagan had agreed to soften his opposition to the pipeline In fact, when Reagan left Versailles, unhappy over the soft European stand on credit to the Soviet bloc he still had not made up his mind whether to toughen the antipipeline sanctions

What triggered Reagan's hard-line decision according to White House aides, was a postsummit statement in an interview in which France's Mitterrand echoed European-wide opposition to waging any kind of 'economic war' against the Soviets To an irritated Reagan, it suddenly seemed that any semblance of an understanding at Versailles had been downgraded Moreover, the Polish government has not lifted martial law, which was the original cause for the sanctions. The US has never clearly spelled out what had to happen in Poland before the sanctions could be lifted Said one State Department official "The discussion never even got that far 'With Haig out of the picture the Administration was serve beginning to believe that the pipe-

line could even be stopped Said Lawrence Brady, Assistant Secretary of Commerce 'Certainly we, can delay the pipeline, and we may bring the Luropeans round to stopping it altogether "

he seemingly quixotic campaign by the Reagan Administration against the pipeline is based on the view that the Soviet Union's economic vuinerability should be exploited At Versailles, Reagan had reportedly told his partners If we push the Soviets, they will collapse. When will we get another opportunity like thus. in our lifetime? I ven observers who don t for a minute believe the Soviet Union would actually collapse think that its behavior could be influenced that economic pressure can force a reduction in Soviet military spending diminish aid to Cuba and Viet Nam and even perhaps bring about a measure of internal reform in the Communist system Reagan's principal aim in attacking the pipeline agreement is to prevent Moscow from benefiting from a flow of hard currency (an estimated \$8 billion annually by the late

1980s) that could be used for vital imports of Western technology US officials, however, have been toning down their concern that Western Lurope could become overdependent on Soviet energy supplies Western Furopean leaders point out that even operating at full capacity, the Soviet pipeline will supply only 5% of Western Furope's total energy needs

Reagan's eagerness to take advantage of the Soviet Union's economic failures rests on assumptions that are widely contested not only in Western Europe but also by most independent experts in the US They point out that whatever difficulties the Soviet economy may face -- including a shortage of haid currency-Moscow will always find the resources for its highest priority, defense Said Charles

Percy, chairman of the Senate Foreign Relations Committee "It is difficult to see how this action will do any more than split the NATO alliance and give the Soviet Union an opening to divide us further"

What weakens the Reagan Administration's argument for economic pressure on Moscow is that the US is going ahead with huge sales of grain that are bound to grow even larger as the Soviet Union faces its fourth bad harvest in a row To help justify this boon for American farmers, the Reagan Administration notes that the grain is paid for in hard cash thereby imposing real costs on the Soviets The pipeline equipment. on the other hand, is bought on credit and then earns needed hard currency To European ears the argument sounds unconvincing The US grain still relieves pressure on Soviet agriculture and frees resources for other purposes, including arms production

By extending the embargo to include US licensees abroad, Washington sought, in the words of one official, to "close a loophole" But, like most economic sanctions, the US curbs on pipeline technology may be easy to circumvent France's state-owned engineering firm Alsthom Atlantique, for example, could build the rotors itself, though at the risk of an ugly legal tangle with Washington over infringement of its General Electric license US penalties include blacklisting from the US market, as well as heavy fines and even the arrest in the US of executives from companies that violate the ban

ccording to most experts the Soviets turned to the West largely to obtain cut-rate financing—in other words, a subsidy at the expense of Western European taxpayers -- not because they needed foreign know-how The Soviets already produce sophisticated aircraft turbines, which require expertise in high-temperature technology, aerodynamics and stress analysis Says Victor de Biasi, editor of Connecticut-based Gas Turbine World magazine "Anybody who can produce aircraft turbines of as high a caliber as the Soviets do can darn well produce turbines for use on earth" Indeed, French and West German companies last week were discussing the possibility of substituting Soviet turbines for the embargoed US models

Beyond the financial and strategic considerations, the pipeline has become a matter of national pride for the Soviets "The net effect of the sanctions may be rather small on the pipeline," predicts Sovietologist Edward Hewett of the Brookings Institution in Washington, "but in terms of US relations with Western Europe, it could be rather serious." The Reagan Administration may be in for considerably more trouble with its allies than it bargained for —By Frederick Paliston. Reported by Gisels Botte/Washington and Lawrence Malkin/Paris

BRITAD

Ordered by Mail

Experience 1, charisma 0

y the standards of any democracy, let alone the rough and tumble of British politics, it was an unusually democratic ballot. For the first time ever, a major political party allowed its entire membership to choose a leader—by mail. The new centrist Social Democratic Party (S.D.P.) sent ballots to every one of the 62 372 people who had paid \$19 a year to become members. Unlike many past leadership struggles within both the Conservative and Labor parties, the resulting S.D.P. battle for the top job remained surprisingly free of foul blows, rancor mudslinging, name-calling and, indeed, even much out and-out campaigning.

There was little substantive difference between the two rivals for the top job former Labor Chancellor of the Exchequer Roy Jenkins, 61, and former Labor Foreign Secretary David Owen 44 Jenkins favors close links and possibly even an eventual merger with the Liberal Party, while Owen insists on a distinct separation But even that was not a vital issue Ultimately, the race came down to a choice between the old guard and the new guard. the hard center and the slightly left-ofcenter, experience and charisma. The final tally Friday showed that experience had won smartly With more than 75% of SDP supporters mailing in ballots, Jenkins swept the board to win, 56% to 44%

Originally Jenkins had been the oddson favorite. He was the most senior politician among the S.D.P's quartet of leaders
(Jenkins, Owen, Shirley Williams and
William Rodgers), he represented the
centrist element in the party, and he had a
good working relationship with the Liberals. In addition, Jenkins had served as
Chancellor, Home Secretary, deputy
leader of the Labor Party and president of
the European Commission But he opposed, unsuccessfully, the proposal to
open the leadership choice to the rank
and file rather than leaving it to the party's Members of Parliament

That decision, combined with the Falklands war, gave Owen at least an even chance of winning During frequent debates on the war, Owen, using his Foreign Office expertise, scored highly as a man of leadership and intellect, patriotically backing the government-up to a point Jenkins, by contrast, newly elected to Parliament after his hard-fought battle for a Scottish seat seemed a has-been On one occasion, when in the House of Commons he challenged Prime Minister Margaret Thatcher over the war, she neatly skewered him by expressing surprise at such an irrelevant question. As a survey noted, the public at large saw Owen as "intelligent," "businesslike," "fair" and "honest" Jenkins, by contrast, was deemed "smug," "out of touch" and "ar rogant" The poll also indicated Owen would win, 57% to 33%



The victor: former Chancellor Roy Jenkins

An uphill climb to 10 Downing Street

Those odds were all but reversed when the mail ballots were finally counted One reason, as Jenkins himself suggested, is that 'the people have turned back from the Falklands to unemployment and the economy With a general election likely to be held late next year however, Jenkins faces an uphill climb to 10 Downing Street After it burst upon the British scene early in 1981 his party reached its heyday in the polls last November when 44% of the country favored an SDP-Liberal government Since then, however the alliance's support has spluttered to a mere 23% not even enough to snatch the label of official opposition from Labor But for Jenkins it is only a temporary setback. He promises We will regain momentum. We are not aiming for a little foothold, we are aiming for victory '



The loser: former Foreign Secretary Owen Scoring highly in the Falklands debates.

World

CANADA

Shock Therapy

Budget for a "bankrupt"

Canadians marked their country's 115th birthday last week with picnics, parades and a dazzling display of fireworks over Ottawa's Parliament Hill But the celebration hardly reflected the times, Canada faces its worst economic slump since the 1930s Unemployment stands at a post-Depression high of 10 2%, inflation is galloping along at 11 8%, and the prime rate is stuck at a crippling 18 25% In an effort to check the growing sense of alarm. Finance Minister Allan MacEachen unveiled a new budget, his third in less than 18 months But as Canadians studied his helt-tightening measures-and a projected deficit proportionately double that of the US—few felt reassured Said a To-

In an obvious overture to disgruntled American investors, MacEachen promised that the Trudeau government would not "press the pace" of nationalization in the energy industry. He also pledged to relax the screening of foreign investors But MacEachen had little good news for Canadians He asked workers in public service jobs to accept a cut in wage increases, from 12 2% last year to 6% in this year's new contracts, and in effect raised taxes by limiting a provision that proected taxpayers from inflation-induced bracket creep " The new budget did offer lower-interest loans to small businessmen and farmers and proposed an innovative plan that would tax interest earned from special term deposits only when the interest exceeded the inflation rate

Showing little confidence in the new budget, investors drove stock values on the Toronto Exchange down 44 36 points. The Canadian dollar briefly dipped to an



Trudeau listens, right, as Finance Minister MacEachen presents his new budget to Parliament A celebration dampened by the worst economic slump since the 1930s

ronto stockbroker "The government is bankrupt, literally and figuratively"

Canada's difficulties stem partly from living next door to the US In his address to Parliament, MacEachen singled out the prolonged US recession and high interest rates (the prime last week 165%) as "the foremost international obstacles" to Canada's economic recovery. The impact of US policy on Canada is indisputable, but many businessmen on both sides of the border also think that Prime Minister Pierre Elliott Trudeau's "Canadianization" program deserves some of the blame Measures to increase Canadian ownership of the US-dominated oil and gas industries to 50% by 1990 and to ensure that foreign investment projects benefit Canada have had a stultifying effect on business activity and encouraged investment capital to leave Canada Says a Reagan Administration economist "Canadianization hangs like a sword of Damocles over all those large companies that have traditionally operated in both countries."

alltime low of 76 % against the US greenback. Union leaders representing Canada's public servants vowed to fight the new wage guidelines. When Trudeau summoned the premiers of Canada's ten provinces to Ottawa in a bid to sell them his economic plan they responded by saying they would think about it.

Trudeau's Liberal Party is suffering along with the economy The latest Gallup poll shows the opposition Progressive Conservatives would take 32% of the vote if an election were held now, vs only 23% for the Liberals (three months ago those figures were 39% vs 34%) "People are frightened," says Michael Wilson a Conservative Member of Parliament "They don't understand why this government can't manage its funds better ' The Tories, however, have few fresh economic ideas to offer Trudeau does not have to call another election until early 1985 but he has been pressured by his party to do something to improve the economy-or step down

CHINA

Tally Ho

Counting 1 billion

now the enemy and know yourself, and you can win a hundred battles." China's Communist leaders have paid much lip service but little heed to that celebrated saying by Sun Zi, the 4th century BC military strategist Since 1964, when the last census counted 723 million citizens, Peking has lacked the most basic statistic in any nation total population. The dearth of reliable demographic information has, in turn, led to gross policy errors, unrealistic production goals and a general slowdown of the government's ambitious battle to modernize the country.

Last week China set out in earnest to know itself better Armed with a 19-point questionnaire a 5.7 million-strong table force began to tally the country's estimated 1 billion citizens. The census, whose results will not be announced until late 1984, is expected to provide information not only on the overall number of Chinese but also on the population's distribution according to geography, age, sex, nationality, occupation, educational level, marital status and number of children

Tracking down nearly one-fourth of the world's population will not be easy Is a country in which most basic commodities are rationed on a per capita basis many families have never reported the deaths of their relatives. Another potential problem is that rural residents when have moved to the cities without authorization will hide for fear of being sent back. Couples with more than one child may hide the others hoping to avoid penaltie for violating the government's stringen population-control laws.

Peking is confident that its well trained army of census takers—mostly students soldiers and government functionaries—will be able to hold errors to no more than 2% For the first time in Chinese history, statisticians will be processing the results with the help of 29 computers, most of them supplied by the United Nations Should there be a mistake in tablulating the data officials have every formed their own quality control outfit to verify the results



On a Shanghai street, some of the millions



Section Winner Somare campaigning at Wombu in his tribal homeland on the Sepik River



Prime Minister Sir Julius Chan wooing voters

World

PAPUA NEW GUINEA

Victory for a Founding Father

Coming back strong, Michael Somare upsets politics-as-usual

any had walked for miles along mountain trails to reach the airstrip it Kundiawa in the central highlands of apua New Guinea. There some 10 000 reople had gathered to hear a fellow highlander, Deputy Prime Minister Iambakey likuk, 40, make his election bid Okuk, tanding on a platform constructed or seer cases, was diessed for the occasion esplendent in opossum fur sea shells and banana leaves, topped off with a majestic geaddress made of black feathers from pirds of paradise. Next to him dutifully ware-breasted in accordance with old custom, stood his wife katina.

There was little speechmaking much argesse For five hours under the blazing ropical sun. Okuk gave away beer to the ssembled clans "One hundred cases to the people of Mendi," he boomed pointag imperiously to one group and then anther 'And one hundred cases for the eople of Mini At each command a line f tribal women bearing the cases on heir heads, carried off the beer to the esignated recipients By the end of the fternoon Okuk had distributed 4,000 ases of beer Together with 50 pigs he ad given away the night before. Okuk roudly calculated the total cost of his enerosity at about 33 000 kina (\$43,000) Le was not buying votes, he explained, it and out gifts on important occasions like n election eve Okuk s ten years in Parament and business success in factory onstruction and trucking, had long ago arned the former auto mechanic the pidgin title bikman tru (tiue leader)

Last week, as returns from Papua New Guinea's parliamentary election came rolling in from mountain ridges. jungle valleys and offshore islands, the bikman lay in embarrassing defeat his effervescent politics as flat as stale beer. Before the election Okuk had been one of the top three contenders in a field of 1.120 candidates for 108 seats * His National Party, with 24 scats had been a powerful coalition partner in the government of Prime Minister Sit Julius Chan 42, whose People's Progress Party held 19 seats With 103 of the 108 seats decided Okuk had tetained only 14-and his own was not among them Chan who did manage to hang on to his seat, saw his party's strength ebb to twelve

The big winner indeed the biggest winner in Papua New Guinea's brief period of electoral history former Prime Minister Michael Somare 46, leader of the opposition Pangu Pati (Papua New Guinea United Party) Going into the election with 36 parliamentary seats, Pungu is likely to emerge with at least 52 seats by the time counting is completed this week Somaie needs only 55 MPs to command a full majority when Parliament convenes Aug 3 He should have no trouble rounding up a few independents, or one of the four smaller parties to assure him control of the government

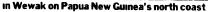
The elections marked a sea change in

*The full Parliament consists of 109 seats but because one candidate died during the campaign the final seat will be contested later the young nation's politics. Political parties did not even exist when Papua New Guineans voted for the first members of their territorial. House of Assembly the forerunner of today's Parliament in 1964. By the time the country gained full independence from Australia in 1975, there were a number of parties basically centrist in policies but differing on local issues. Yet until now the people had tended to vote less for the parties than for appealing personalities and fellow clansmenjust the sort of tendency that made a lively campaign like Okuk's quite logical.

Such voting habits also created Pailiaments of minority parties and vulnerable coalitions As Chief Minister after 1972, Michael Somare led the nation during an interim self-governing period and took the helm as Prime Minister at independence Yet even as a respected father of his country and leader of the strong Pangu Pan Somare could form a coalition only with the help of a group of independent legislators and smaller parties notably Chan's People's Progress Party Chan a millionaire merchant and a longtime friend of Somare's, became his Deputy Prime Minister after the 1977 elections but broke with his ally the very next year The key issue Somare's plans to require ministers and government department heads to sell all business interests. In 1980, joining forces with an increasingly powerful opposition headed by Okuk, Chan led a no-confidence move in a coup of coalitions 'that toppled Somare Chan became Papua New Guinea's second Prime Minister, Okuk his deputy

Both Chan and Okuk, however, faced uphill battles in this year's contest. It was not a matter of choice, elections are mandated every five years, and this one could not have come at a less opportune time. Papua New Guinea's economy is suffering







lambakey Okuk in tribal di

commodity prices. The nation depends heavily on copper coffee copra and cocoa ruefully known as the four choppy CS The sorry state of commodities on world markets has been felt most seriously at the huge copper mine on the island of Bou gainville which normally provides 15% of Papua New Guinca's internal revenue and 40% of its exports. Now it is running at a loss Coffee and copra prices have plummeted 50% in two years cocoa 30%. Other exports palm oil tea and timber- are not doing much better

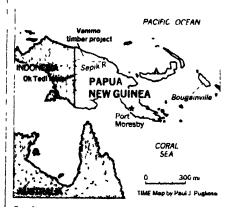
Papua New Cruinea's long familiarity with fluctuating commodity prices has helped minimize distress so far says Chan's Finance Minister John Kaputin But now that virtually every export has dropped precipitously he adds we have to tighten our belts- a new experience The government had indicated it might ask for more money from Australia which currently contributes 28% of Papua New Guinea's annual budget. Australia would consider such a request, which Somare will probably soon make but its aid program to Papua New Guinea actually calls for a 5% reduction each year through 1986. Unemployment statistics do not yet reflect the depth of the economic problem partly because more than half the 3.2 million population is still engaged in subsistence farming fishing and hunting Employment in private business however dropped 58% in the past year, and public employment is down 3'c. Consumer spending is off too Sales of cars and trucks have fallen 28% since 1980

For Opposition Leader Somare the economic wees were tailor-made for a comeback - if he wanted to walk into the teeth of the gale. He apparently did When we tost power he pointed out last week 'we began to rebuild the party We set up 65 branches throughout the country

sorely from the worldwide depression in | and revitalized the national executive committee. Now we have a party machine that works

> I ven so Somarc took no chances After campaigning for months through the rest of the country he started the last week of his campaign in his tribal homeland on the Sepik River in the northwest not fai from the border with Indonesia's Irian Jaya My name is legend in this province he told TiMF as he stepped into a helicopter for a sweep through the area. It is important that I spend some time with my own people. Some of them in the more remote areas think Lam still Prime Minister and are blaming me for the mess the country is in

> There was little sign of blame as Somare moved down the Sepik through the Chambii Lake area alternating between the helicopter and a motor-propelled dugout canoe. At the island settlement of Wombu drums beat out a message of welcome and grass-skirted women danced the traditional chicftain's greeting. As at every stop he soothed worries about the economy promising to build employment with such cottage industries as soap manufacture garment making coconut-oil extraction and silk weaving. He pledged to



spend more money on education even if it meant going into debt. We can afford to borrow to improve our schools. He left with a pidgin promise. Government wastim money bilong vupela and bagerup this country but Pangu fixim (The government has wasted your money and fouled up this country, but my party will save it)

Dime Minister Chan meanwhile was bainstorming the north coast in a twin-prop plane. In Wewak, Chan asked his countrymen to look at his record inflation was down from an annual rate of 118% when he took over to an enviable 46' now and control of government spending had balanced the budget. At the tiny coffee port of Wasu while his audience sat in the shade of mango trees. Chan promised a broader economy with government support for rice planting and for cattle hog poultry and fishing industries Moving inland to the highlands Chan issued a plea for peace in a countryside where rival tribes have fought for centuries. Often the people themselves are no longer sure of why they are fighting the Prime Minister observed sadly Break your bows and pick up your shovels.

Shovels will be necessary Guiding such countrymen from the Stone Age into a more modern society will remain a perplexing and persistent problem for Somare as he returns to the Prime Minister's chair Agricultural development he said last week will be central to his economic recovery program

Somare is acutely aware that world commodities prices will continue to make Papua New Guinea a land either of problems or of considerable promise. At Ok Tedi in the Star Mountains on the Indonestan border for example a consortium of West German US and Australian companies is sinking \$1.4 billion into a huge mining project that is scheduled to start operation in 1984, a literal mountain of copper layered with as much as \$1 billion in gold. But both gold and copper prices will have to turn around if the country is to realize the riches that were once anticipated. At Vanimo in the farnorth a Filipino company is spending \$147 million on a project that is expected to yield \$1.7 billion in timber over a 24year span but a sagging market in logs could affect that prediction too. If markets do rebound the country will be ready it is awash in still other deposits of gold and copper as well as nickel chromite oil and natural has that could be profitably developed in the years ahead

The two principal losers in the wake of last week's election results did not seem to envy Somarchis problems, though they were understandably chaptined by the extent of his victory. Chan gallantly declared that democracy has not only survived but flourished. lamenting only that the voters did not give his government the ciedit it deserves. Okuk seemed to take his defeat in stride. Said he wryly Things will certainly be different with

me not around Indeed - By Mayo Mohs. Reported by John Dunn/Port Moresby

MEXICO

Will the New Broom Sweep Clean?

De la Madrid inherits a national crisis with the presidency

Il the trappings of electoral democra-Cy were there For 218 days, the presidential candidate had barnstormed the Mexican countryside. He had listened to complaints and appealed for support in the most remote and neglected hamlets Preceded by hordes of journalists and skilled advancemen he had touted a total of 55,800 miles in 31 states by jet, helicopter rail bus and ship. The candidate had leven stumped for 79 miles on foot. He had attended 1 287 meetings forums assem-

blies and receptions. He had eaten 63 campaign breakfasts 148 campaign flunches and 32 campaign dinners He was the guest of honor at 21 getelected evening parties. Finally last week the ordeal was over though the results had been known throughout the entire campaign

The majority of the ballots of Mexico s 31.6 million registered voters in the July 4 presidential elections will not be tallied until this week but Miguel de la Madrid Hurtado 47 a shy, Harvard-educated technocrat and lawyer has nothing to worry about He is sure to take office on Dec 1 as Mexico's 21st President since its epochal revolution of 1910 Like most of his predecessors in the 53-year history of Mexico's monolithic and dominant Institutional Revolutionary Party (PRI) De la Madrid was the personal choice of the man he was replacing in this case Jose Lopez Portillo 62 De la Madrid's campaign was designed not so much to guarantee him victory that was assured under Mexico's system of 'guided democracy as to give him the political savvy to handle

his job De la Madrid will need all the help he can get. His extravagant campaign was a sign that the PRI was running scared and with reason The US's populous (72 million) and bil-rich southern neighbor is in the

throes of a profound economic and social trisis. Inflation is running at an annual ate of about 60% and last February the Mexican peso suffered a 40% devaluation The country's current foreign debt is about \$52 billion among the highest in he Third World Nervous investors have bulled some \$6 billion of their capital out of the country in the past year Government expenditures ate up 48% of Mexi-'o's gross domestic product ' The US rigure 23%

Despite its oil wealth. Mexico remains

Gross domestic product (G D P) is the measure of Il production within a country boundaries. The nore commonly known gross national product (J,N,P) includes production by firms outside the buntry that are owned by the nation's citizens

a country of horrendous economic contrasts now made worse by oil-boom inflation and the rising expectations of its middle and working classes. The bottom 20% of the Mexican population is worse off in real economic terms than it was in 1977 Approximately 50% of the population is undernourished according to one study What is more the real challenge has yet to hit the country By the turn of the century US analysts estimate the population will have grown by nearly 50% to



P.R.I. Candidate Miguel de la Madrid on the campaign trail I know my entry into the government will not be easy

about 100 million. The country needs to create 800 000 jobs a year just to maintain the present precarious state

As De la Madrid told Timt last week Mexico has a duality a modern and very advanced society with elevated levels of life while other sectors have been left behind with low cultural social and economic levels. But Mexico's middle class has been badly hurt by inflation and the floundering economy. Says one foreign diplomat in Mexico City Mexico's social changes have outpaced the changes in its political system. The middle class is now unhappy but the political system hasn t adjusted fast enough to allow it to express its unhappiness

It is the middle class rather than the

desperately poor that De la Madrid must worry about Public confidence in the country is sinking along with the economy Mindful of Lopez Portillo's earlier promise of abundance. Mexicans as one well-connected local lawyer put it feel deep bitterness at the deception ' turn, raises the specter of instability in Mexico a matter of major concern to the US Talk of a military coup is circulating on the dinner-party circuit in Mexico City There is little likelihood of such a thing the Mexican military has stayed removed from civilian affairs for half a century. The army is far more disturbed about the insurrectional possibilities along Mexico's southern border with strife-torn Guatemala where guerrillas

wicking are believed to be taking refuge Nonetheless Mexico's Defense Minister General Felix Galvan Lopez in May took the extraordinary step of publicly denying that a military coupwas contemplated Said Galvan Don't count on us soldiers to do your

dirty work. None of us will

The political reforms of 1977 allowed more dissent than in any other Mexican election. Six parties besides the PRI ran presidential candidates and a total of 100 seats in the country's 400-member Chamber of Deputies were set aside for the opposition. Iwo weeks ago, some 40,000 supporters of the Unified Socialist Party of Mexico a left-wing conglomerate that includes Mexico's Communist Party jammed the huge Zocalo square in front of Mexico. City's presidential National Palace

Most of Mexico's political frustra-tion is now directed at outgoing President Lopez Portillo When he took office in 1976, the urbane Mexican leader was seen as the right man to correct the errors of his lef-leaning predecessor. Luis Echeverria Alvarez The charismatic President speedily pushed Echeverria's henchmen out of office restored international business confidence in Mexico with pro-business rhetoric and a pledge of conservative fiscal policies and promised the Mexican people an

administration of abundance Topez Portillo aimed to create millions of jobs open up the country's political system to limited dissent and establish Mexico as a spokesman for Latin American and even Third World views Said he We must not allow the magnitude of our problems to frighten us not to shake our determination

In the beginning Lopez Portillo had both luck and geology on his side When he took office Pemex Mexico's national oil company, had begun turning up one oil and natural gas discovery after another in the country's southern Tabasco and Chiapas states. With an output of some 2.7 million bbl per day Mexico became the fourth largest oil producer in the world

Says Industrialist Carlos Lopez Espinosa It was the miracle of the Virgin of Guadalupe People were suddenly talking about how we would have to learn to spend all that money

Lonez Portillo did not need many lessons. He launched Mexico upon a grandiose development program spending billions of dollars on such huge development projects as a national agricultural production system and the first of 20 planned nuclear reactors. The number of federal bureauctacy employees in Mexico jumped from 1.2 million (a figure that Lopez Portillo had promised to cut) to 16 million. Following the example of Venezuela another oil producer Mexico began importing such basic foodstuffs as corn and beans. To finance his expansion program Topez Portillo borrowed heavily abroad planning to repay the debts with oil revenues, which amounted to \$14 billion in 1981. By 1979 it was already becoming clear that Lopez Portillo was schously overspending but the selfconfident President pushed on

opez Portillo was heading for trouble in any case but last years world oil glut brought a sydden end to Mexico's spice. As prices for crude oil began to drop around the world. Mexico stubbornly fried to hold the line When Jorge Diaz Serrano the president of Pemex announced a \$4 per-bbl price cut he was promptly sacked and Mexican oil prices were jacked up again. Customers went elsewhere until Mexico bowed to the pressures of the marketplace. By that time, the country had lost about \$1 billion in revenue and the drain has continued La- Outgoing Head of State López Portillo ments one Mexican businessman We thought we were going to becorne like Saudi Arabia. Instead we became like Niperia

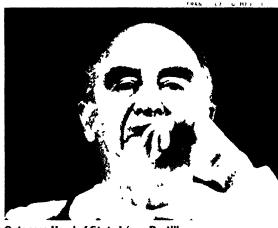
In desperation Lopez Portillo de valued the peso in February. Then victimized by his own indecisiveness and the pressures of the PRIs political machine he was unable to hold firm on a wage freeze required to reap the anti-inflationary benefits of the devaluation Within weeks all government emplovees were given a 30% wage hike and the government 'ecommended that private-sector employers grant their workers increases of 10% 20% or 30% to restore purchasing power. In a single stroke Topez Portillo had wiped out most of the gains of the devaluation that had shaken his administration and lost much of the prestige of his office. As he dolefully told one audience of Pemex workers. Today I am a symbol of a devalued presidency

Lopez Portillo compounded the country's political and economic troubles by encouraging the most deadly bane of Mexico's one-party system corruption La mordida (literally the bite) has always been enderne in Mexican society, but with the huge infusion of oil money corruption mushroomed The outgoing Pres-

ident for example created 5 million new jobs in six years. But of those at least half of the 2 million new public positions are suspected by Lopez Portillo's critics to be what the Mexicans call aviadores (fliers) meaning that they are imaginary jobs for which someone is drawing an extra sala-13 Lopez Portillo himself raised evebrows by putting his son Jose Ramon Topez Portillo on the government payroll as a subsecretary in the Ministry of Programming and Budget and hiring his sister as the country's director-general of radio television and cinematography

An even bigger cause for gossip in Mexico City is the huge five-house compound that the outgoing President is building for his family on a hill overlooking the capital. Cynics have labeled the complex the dog hill a reference to a Lopez Portillo remark that he would fight like a dog to defend the shrinking value of the Mexican peso

Besides keeping his party in line. De-



In his judgment—the symbol of a devalued presidence

la Madrid must still make tough decisions to help the floundering economy. He will have to continue the 17-point austerity program belatedly begun by the lameduck Lopez Portillo administration Among the targets, a reduction of the government's budget deficit from 15% of the GDP to 3'r by the end of 1985 import restrictions government hiring freezes and probably a hike in Mexico's heavily subsidized energy prices. The current price of gasoline 58¢ per gal

One result of Mexico's change of leadership will probably be easier relations with Washington Despite a warm personal relationship with Ronald Reagan Lopez Portillo has discomforted the U.S. by indulging his ambitions as a spokesman for Third World concerns. He irritated Washington last August when with France Mexico recognized the Marxistled insurgents of El Salvador as a representative political force in that country Lopez Portillo called for negotiations with the guerrillas thereby undercutting US support for the civilian-military regime He has frequently offered to act as an intermediary between the US and Cuba over the crisis in Central America and has espoused the cause of the Marxist-

Leninist Sandinista rulers of Nicaragua On the touchy issue of the recent falk land Islands war Lopez Portillo tried to have it both ways. His government supported Argentina's claim to sovereignty over the islands but also deplored the use of force in trying to settle the claim

Somehow De la Madrid has escaped the controversy surrounding the outgoing administration even though as Mexico's Societary of Programming and Budget he was responsible for Lopez Portillo's grandiose Global Plan for Development a document that has now been discreetly shelved. One reason De la Madrid may have escaped criticism is his innocuous life style. Highly disciplined and a deeply religious Roman Catholic he is untouched by any hint of scandal. He likes to spend the weekend reading in his garden Says one diplomat who has known De la Madrid for years. He lives comfortably but he has never lived extravagantly Some of his friends even

consider him a little tightfisted. His conservatism and rectitude are well established

Rectitude is something that De la Madrid wants to bring back into fashion in Mexico. He has constantly stressed the theme of moral renovation. De la Madrid set the tone for his campaign after he discovered a PRI worker driving a lerrari that had been given to him by the mayor of Mexico City Carlos Hank Gonzalez. De la Madrid had the man fired and asked for his resignation from the party

hat kind of morality does not sit well with the old-line machine politicians in the PRT who also resent the fact that De la Madrid is a technocrat who has always stood

above the rough and tumble of local politics. There were rumblings of unrest within the party when De la Madrid's nomination was announced particularly since the PRIs then president Javier Garcia Paniagua was not informed of the choice beforehand. Nonetheless the tug of party legalty along with some selective purges, has apparently got the machine pols into line although major power struggles are still reported to be going on within the PRI

The key question is whether De la Madrid will be able to manage the party and the country during the necessary period of belt tightening. In Washington, some State Department experts are optimistic that he can succeed. Says one Government official summing up business and banking reactions. He's the perfect guy to confront the business and economic problems. Whether De la Madrid can restore confidence in Mexico's shaken presidency is another question. De la Madrid says only. I know that my entry into the government will not be casy He will have six years to find out just how hard it will be By George Russell. Reported by Laura Lopez and James Willwerth/ Mexico City

EL SALVADOR

Baptism of Fire

The guerrillas return in force

hen a reported 70% of Salvadoran guerrilla forces to participate in national elections last March the US and the leaders of El Salvador's major parties interpreted the turnout as a stinging repudiation of the left-wing insurgency While the rebels fell back to ponder the fate of their crusade the Salvadoran high command exhorted them to lay down their arms and join the fight the people want the struggle for peace. But the unspoken truce did not last long. After a two-month full in the fighting the guerrillas launched an offensive in northern Morazan department claiming to have killed 200 soldiers in five days, and seized two towns before retreating under bombing raids by the government's new A-37B Dragonfly jets

The rebels captured their biggest prize when they shot down a helicopter near the Honduran border carrying Deputy Defense Minister Colonel Francisco Adolfo Castillo 45 and the military commander of Morazan department, Colonel Salvador Beltran Luna 45 The two offi

cers were on a reconnaissance mission when their craft was hit Beltran Luna was killed in the crash but Castillo survived with minor head injuries and was taken prisoner Later Castillo was interviewed on the rebels clandestine radio station Radio Venceremos He assured his family that he had recovered from his injuries and was being treated well by his captors. But Castillo frustrated the guerrillas propaganda ploys by insisting that the army still controlled the country.

he resurgence in fighting suggests that the Farabundo Marti National Liberation I ront (IMIN) the umbrella organization that links El Salvador's five guerrilla groups has replenished its aims and has returned to the battlefront more organized and determined than ever. The front has apparently also patched over the internal quarrels that prevented it from scriously disrupting the March elections Moreover the guerrillas have been able to neutralize the Salvadoran army's best combat units through more sophisticated strategies. Before only one faction of the left could attack at once said a US official. Now there is more planning and attack by several units

Also disconcerting to the U.S. was the weak performance of Salvadoran infan-

trymen who had just returned from 14 weeks of training by U.S. 82nd Airborne Division instructors at Fort Bragg. N.C. Many of those troops were pinned down in Morazan until the Dragonfly jets forced the guerrillas back. U.S. military advisers have been trying to persuade army troops to move in five-man patrols as they comb the countryside. Instead, the Salvadorans travel in vulnerable column formations along main roads forsaking the use of forward scouts or elements of surprise.

The Americans are equally distressed by the strategic planning in the Salvadoran high command US advisers stress that army troops should concentrate on making secure such vital zones as the cotton farms and cattle ranches of Usulutan the western pasture lands and the capital itself. They also insist that the army should make every effort to consolidate control of the nation's highways where guerrillas have robbed motorists and burned some 80 vehicles in the past two weeks Instead the Defense Minister General Jose Guillermo Garcia, decided to commit crack regiments to chase after guerrillas in Morazan III was a stupid macho decision said a Western ambassador in San Salvador. They have to clean out the vital areas of the country before going up into that wasteland

ARGENTINA

New Face for a Familiar Ceremony

Another general takes control of a defeated country

For a nation nuising the wounds of war the inauguration of a new President offered no cause for revelry. The brief dour ceremony only provided a grim reminder of the instability that has long plagued Argentina in the presidential palace. Casa Rosada retired Major General Reynaldo Bignone. 54 was sworn in as the seventh President of the military regime that seized power six years ago.

Bignone took office vowing to return the country to civilian rule by March 1984 His choice of a Cabinet nine civilians and only one military officer appeared to offer some hope that he will abide by that promise The lone military man, Army Major General Llamil Reston who will be Interior Minister shares Bignone's conviction that the armed forces must cooperate closely with labor and political leaders Among the casualties of the reshuffle Foreign Minister Nicanor Costa Mendez an intellectual architect of he Falklands fiasco

Most civilian leaders remained skeptical of the army's intentions. Declared Antonio Troccoli of the centrist Radical Party. We will not udge names but will wait until conrete steps and policies are set lown. Bignone's openness may lash with the tough views of Lieut General. Cristing Nicolaides, 57.

who as army Commander in Chief acts as the true fount of authority. It's difficult to make sense of a situation in which you have a hard-liner swearing in a moderate,' reflects a diplomat in Buenos Aires.

Bignone's tenure will be complicated by a gaping schism within the three-man military junta. The air force and navy dropped out of political decision making two weeks ago to protest the army strefusal to appoint a civilian as President. In a de-

lash with the tough views of Lieut

| Deneral Cristino Nicolaides 57, Discontent over the Falklands could bring a challenge

liberate snub. Navy Admiral Jorge Isaac Anaya arrived at Bignone's inauguration only at the last minute. Air I orce Chief Basilio I ami Dozo boxcotted the ceremony altogether. Nonetheless the army senormous edge in manpower (130,000 troops) over the navy (36,000) and the air force (19,500) is likely to ensure. Nicolaides supreme role.

The greatest threat to the government could emerge from smoldering discontent over the Falklands defeat. As thousands of soldiers trudged home, shocking revelations were spreading across the country. A young army captain close to tears described what he called the betrayal of the people by the military. He said that the

marines were compelled to subsist on half-rations in order to share their food with the army, whose soldiers were so short of decent drinking water that they were forced to drink from muddy pools while senior officers were eating like kings. Said an army major. We lost because of our high command's ineptitude in logistics and when the living return home they will tell the whole country the truth."

Though Bignone shed his uniform in favor of a simple dark suit for his 24-minute televised inaugural address, he left no doubt about his allegiances Saidhe. I live in the bosom of the armed forces, and to them I give my gratitude. Such effusive fealty may have brought him to the Casa Rosada, but the prime test of his presidency will be how to coax his army pations into accepting free elections.

THE SEARCH FOR ALEXANDER

NEW ORLEANS MUSEUM of ART June 27 through September 19, 1982



TICKETS AVAILABLE at the New Orleans Museum of Art and at TICKETMASTER by phone (504) 587-3072

"SF ARCH is a superb tribute to an ancient (4th and 3rd century B.C.) culture that is one of the richest sources of Western Civilization." San Francisco FX 1MINFR

The metalwork jewelry and sculpture in gold silver and bronze are splendid. But, the high-light of the show are sixteen objects uncarthed from what is believed to be the tomb of Alexander's father. Philip the Second. Inside, a solid gold burial casket with exquisite ornamentation, and a large gold wie ith of oak leaf and acoms overwhelming in its richness and detail. They only hint at the greatness that was Alexander. WBZ-IV, Boston.

"The Search for Alexander, a major loan exhibition of Greek art and artifacts", is proving to be a very popular exhibit." Chicago TRIBUNI

"the show is rich in art and artifacts, gold, silver, marble, iron, bronze and clay from the fourth century B.C., when Alexander ruled Macedonia and made himself master of Greece, lord of Egypt, sovereign of the great Persian empire, and began the conquest of India."

SMITHSONIAN Washington, DC

"Spell-binding artifacts from the tomb are included along with other Hellenistic objects in what many scholars consider the most spectacular exhibition of Greek art ever to visit the United States."

the AR Leallery Magazine, New York

he Exhibition has been made possible by the National Bank of Greece and TIMI. Incorporated and with the cooperation of the Greek Ministry of Culture and Sciences.





leagan during his press conference last week: torn between instinctive sympathy for Israel and increasing shock at the casualties in Lebanon

United States

Waiting for the New Man

As Shultz crams to take over Haig's job, foreign policy problems pile up

he man of the hour made about the quietest entrance imaginable. Secretary of State-designate George Shultz last Monday slipped into temporary quarters at the State Department down a seventh-floor corridor from the palatial office still occupied by the recently resigned Alexander. Haig Shultz was barely seen or heard from the rest of the week. At briefings on the crisis in Lebanon and other pressing troubles by his subordinates-to-be. Shultz confined himself to asking questions and ventured no opinions. His only words to reporters were. These will be my days of silence.

Clearly Shultz felt that he had a great ideal of studying to do before he could begin to manage U.S. foreign policy through a period of potentially perilous transition. But his preparation time will be brief. The isenators who will conduct his confirmation hearings next week are well aware of the dangers of a prolonged interregnum in the Reagan Administration's already disordant foreign policy-making machinary. Senate Majority Leader Howard Baker after conferring with Shultz predicted a searching inquiry into his attitude toward the Middle East—but added

I don't expect him to have any serious problems. Critics of the Reagan Administration in effect agreed. Said Massachusetts Democrat Paul Tsongas. 'There is a need to get the new Secretary in place quickly."

Shultz will face close questioning by California Democrat Alan Cranston a staunch supporter of Israel on the operations of the Bechtel Group the international engineering and construction corporation that the Secretary-designate has helped run for eight years at a six-figure salary. The Senator is particularly interested in charges that Bechtel which has multimillion-dollar contracts with Saudi Arabia forced its subcontractors to observe the Arab boycott of Israel. But even Cranston predicted that the hearings will be shorter than the five days devoted to Haig's confirmation 18 months ago.

Meanwhile symptoms of the tense problems that Shultz will confront are multiplying. The most potentially explosive is in Lebanon, where the US was trying to prevent a final shootout between Israeli forces and the Palestine Liberation Organization guerrillas holed up in the wreckage of encircled West Beirut. At the direction of Haig, who stayed in office

temporarily to manage the crisis the Administration was pursuing a strategy that was at once complicated and somewhat contradictory. It was simultaneously urging Israel to avoid a final assault and pressing PI O leaders to negotiate an agreement by which they and all their timed followers would leave the city backed up by warnings that Washington cannot hold off the Israelis indefinitely (see WORI D).

If the US can mediate a PLO with-drawal and persuade the Israelis to lift their siege of West Beirut Haig will be able to quit in fact as well as in name (He left Washington last Thursday for a Fourth of July weekend in West Virginia uncertain when or if he would be back) But such a settlement will only bring a new set of problems to the fore. The US will then have to work out some formula for an Israeli withdrawal from a neutralized Lebanon. The goal after that will be to revive the long-stalled negotiations on autonomy for the Palestinians living in the Israeli-occupied West Bank and Gaza Strip.

There was an uncomfortable reminder last week of the divisions that Shultz

will face within the Administration over Israel When Haig, at President Reagan's direct orders met with Israeli Ambassador Moshe Arens one White House source reported that the outgoing Secretary of State threatened a suspension of US military and economic aid if Israel launched a final assault on West Beirut Later both the State Department and the White House denied that report insisting that Haig had only warned against an assault in general terms. The conflicting reports appeared to mirror a split not only among Reagan's advisers but in the President's own views. He is torn between instinctive sympathy for Israel and increasing shock at the civilian casualties and worldwide alarm caused by Israel's invasion of Lebanon

Simultaneously the most serious rift in years between the U.S. and its Western European allies continued to widen. At a summit meeting in Brussels the tennation European Community expressed its dismay at Reagan's June order forbidding U.S. companies, their foreign subsidlaries and even foreign licensees from supplying equipment for the 3 500-mile pipeline that is to carry Soviet natural gas from Siberia to Western Europe. And the Brussels communique toned down somewhat from a stinging initial draft, did not fully reflect the intensity of the Europeans belief that the US is waging economic war against the Soviet Union at their expense

At hist glance. Shultz would seem ideally suited to smooth over this conflict. I ike Haig he is a devoted believer in cooperation with I uropean allies, the expertise in dealing with international economic problems that Shultz acquired as Richard Nixon's Secretary of the Treasury is widely admired on both sides of the Atlantic. But Shultz is on record as opposed to the use of trade as a political weapon against the Soviets, and as a Bechtel executive he complained about the light-switch diplomacy—an onagain off-again policy—preventing American companies from serving as reli-



Shultz with Baker, left, and Senate Foreign Relations Committee Chairman Charles Percy

able suppliers under international contracts. Those positions scarcely fit well with the stand President Reagan took at his news conference last Wednesday

Seemingly nervous and speaking at times more haltingly than usual. Reagan tried to say as little as possible about foreign policy. He flatly refused to discuss the reasons that had led him to accept Haig's resignation before it had been formally offered. Said Reagan. I don't think there's anything that in any way would benefit the people to know. He turned aside several questions about Israel and I ebanon pleading quite correctly that I have to walk a very narrow line. In view of the delicacy of the negotiations.

On the pipeline however, Reagan was explicit and unyielding. He argued again that the pipeline would enable Moscow to 'engage in a kind of blackmail

against the Luropeans by threatening a shutoff of energy supplies and would also enable the Soviets who are very hard pressed financially and economically, to sell gas for \$10 billion to \$12 billion a year in cash which I assume would be used to arm further. At another point the President declared blithely that at the beginning of his Administration 'there was some disarray with our European allies [but] I think that has been largely eliminated. That statement indicated a distressing lack of appreciation of how strongly the Europeans resent the pipe line policy

Whatever policy he may eventually urge in dealing with the Middle Fast, the pipeline or other specific issues. Shult will have one advantage in pressing hiviews inside the Administration he doe not arouse the personal animosities thas o embittered policy disputes during the tenure of the tempestuous Haig Shultz I known for striving to mold a consensu among officials of differing views. He will argue strongly for his opinions in private but loyally support any decision that goe against him—while continuing to urge be hind the scenes that it be modified.

n particular Shultz has a good chance of avoiding the clashes that Haig so of ten had with the National Security Council staff. The head of that staff National Security Adviser William Clark unquestionably is a rising power within the Administration. But Clark a forme California judge weighs and sifts foreign policy advice coming to the White Housas if he were still presiding over a trial. Hodos not have the expertise to develop an broad policy designs of his own. His stress is on making sure that foreign policy te flects. Reagan's predilections which he knows well from an intimate association.



Okay Shultz you drive Weinberger Clark and I will navigate

United States

dating back to 1967. Clark's run-ins with Haig occurred primarily because he felt that the Secretary was going beyond the President's wishes That is a mistake Shultz is unlikely to make

There are some difficulties to overcome however if Shultz is to become the powerful Secretary of State that some White House aides freely predict he will be Reagan pointed to one at his news conference The President insisted that his procedure for charting policy will not change despite Haig's departure. My system, he said has been one not of having a synthesis presented to me funder which] I get a single option to approve or disapprove I debate all those who have an interest in a certain issue and then I make my decision based on what I have heard in that discussion

n theory, that sounds admirable. In practice given the President's lack of foreign experience it has been a formula for continuing conflicts that never get fully resolved. The compromising spirit for which Shultz is noted may tone down those differences. It probably will not eliminate them because to a large extent they are institutional. Foreign policy comes from the Oval Office Reagan said last week. But in any Administration and especially in this one the State Department tends to stress relations with allies the Pentagon thinks in terms of military muscle and White House aides are concerned about the effects of a foreign decision on the President's image at home

Shultz may also face problems in picking a new team for the State Department He is likely to keep some of Haig's lieutenants, but Richard Burt, who has still not been confirmed by the Senate as Assistant Secretary for European Affairs and Dean Fischer chief State Department spokesman may go Both owe their posts largely to their friendship with Haig

Several economic policy posts are vacant, including a top one. Assistant Secre-Lary for Economic and Business Affairs Robert Hormats turned in his resignation From that job three weeks ago. Senator Yesse Helms of North Carolina will have a Frue-blue conservative candidate for ev-Ery position that Shultz has to fill and the Hew Secretary may come under pressure to mollify rightists by accepting some of Helms choices If that happens some Administration watchers are fearful that Shultz may find it difficult to stand up to he ideologues within his department and he Administration in general

None of these problems are insurnountable But Shultz will also have to cope with them while in effect taking a ram course on crises that will not stop Goiling The President observed last week That 'there is no easy time for a Secretary of State to resign Quite true But Haig's Imminent departure happens to come at a Ivorse time than most -- By George J. Church reported by Johanna McGeary and John F. _\$tacks/Washington

Eclipse of a Deputy

Meese slips from the center of power

ne of Ronald Reagan's top advis- I dent Allen had reported through Meese ers. Presidential Counsellor Edwin , When Clark took charge. Meese effective-Meese was conspicuously absent from the tight-knit trio of aides that met two weeks ago to determine Alexander Haig's fate While White House Chief of Staff James Baker Deputy Chief Michael Deaver and National Security Adviser William Clark discussed the Secretary of State's resignation with Reagan Meese was kept in the dark. Indeed the man once regarded as the 'deputy President did not learn of Haigs departure until he returned to



Meese, with Clark in background, last week Utility infielder among the heavy hitters

Washington from a speaking engage ment an hour after Reagan had made the resignation public. The incident was but one measure of how far Meese has slipped from the center of power

The decline of Reagan's longtime aide stems from several ill-considered decisions an inefficient management style and a travel schedule that has kept him away from the White House at key moments Although he is generally known as Reagan's policy czar one informed presidential aide told TIMI Correspondent Douglas Brew I cannot think of a major policy program that he has shaped

The clearest sign that the Counsellor's White House role was shrinking came with the resignation of Clark's predecessor (and Meese's protege) Richard Allen -a decision from which Meese was excluded Clark demanded direct access to the Presi-

When Clark took charge. Meese effectively lost control of the foreign policy apparatus at the White House which had been half of his charter. In domestic policy, which loomed large in the Administration's first year the battles with Congress were waged largely by David Stockman Director of the Office of Management and Budget in conjunction with Baker

The erosion of Meese's authority was accelerated by a scries of political blunders While Reagan was vacationing in California last summer. Meese decided not to awaken him when US jet fighters shot down two Libvan planes over the Gulf of Sidra, thereby creating the impression that Reagan was not running the shop During the President's vacations this summer either Baker or Deaver is set to help Meese at the California White House. Meese was also responsible in part. for getting the President to endorse tax exempt status for private segregated schools a policy that Reagan had to abandon after a loud public uproar

S low-moving and inducisive Meese gradually lost control of the White House bureaucracy to the more efficient Baker. This place needs a manager who can handle 25 balls in the air at one time. said a White House aidc Meese couldn't do it. Meanwhile Deaver emerged as the President's No. 1 confidant and troubleshooter. Meese undercut his own strength at the White House by traveling so much giving speeches and attending GOP fund raisers. During last year's tense Senate vote on the sale of AWACS-equipped planes to Saudi Arabia for instance Meese was out of town as he was when Reagan was making a major foreign policy address three weeks ago at the UN The President inevitably has had to rely more heavily on other aides

Although his tole in the day-to-day operations of the White House has Jiminished Meese insists that there has not been any major shift in the dynamics of the original troika. It's exactly the same relationship he says. We are interchangeable. In fact. Meese now acts as a kind of utility inhelder at the White House preparing proposals for the President on largely secondary domestic issues One example the White House anticrime package to be unveiled later this year Meese has not lost the confidence of the President or of Reagan's conservative supporters who are still wary of the more moderate Baker. So Meese may not be the deputy President any more, but he has found a niche as Reagan's easygoing armchair counselor a job he is likely to hold as long as he wants it Says one White House aide He's a survivor



555 Stands out for taste

MENTER EINPERESS

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the Cleveland, Chicago and Philadelphia Orchestras in the United States

Despite his energetic programme of international engagements, Dorati regards his work as composer as important as conducting and finds that one activity complements the other

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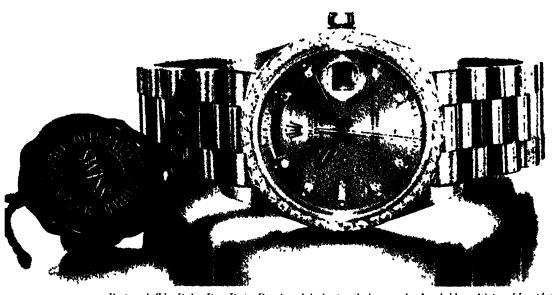
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Donovan: "Insufficient Evidence"

But questions persist about a cover-up during his confirmation

abor Secretary Raymond Donovan understandably jubilant "The special prosecutor," he said, has confirmed what I have told you all along that none of these allegations would prove to be true "President Reagan claiming that Donovan had been unfairly and unjustly assailed declared the case closed "Said Reagan 'Certainly I'm going to be sticking with him'

Those pleased responses followed Special Prosecutor Leon Silverman's release of a four-volume 1,025-page report on his investigation into the claims of various unsavory characters including gangsters who turned Government informers that Donovan and his New Jersev construction company had close ties to organized crime. Silverman investigated upwards of 24 separate allegations—a disturbing number he said but concluded that there was insufficient credible evidence to support a successful prosccution of Donovan for any crime A federal grand jury which heard the evidence produced by Silverman, voted noto indict Douovan on any charge

While Donovan had every right to claim vindication. Silverman pointedly declined at a press conference to say that the Secretary had been 'exonerated or cleared by the six month investigation. Silverman repeatedly stressed that he could only say there was insufficient credible evidence, explaining that in some cases the testimony of a single individual, would be sufficient—if your source is a pillar of strength. The persons accusing Donovan of witnessing or making payoffs to labor tacketeets were not in that category.

The fact that Donovan was not charged with a crime, however is not likely to be the end of the matter. The Silverman report makes clear that the FBI withheld important information about Donovan and his company from the

Senate I abor and Human Resources Committee during his confirmation hearings. If the committee members had been given all that information at the time it seems doubtful that Donovan would have been confirmed for his post.

Never passed along to the committee for example was an FBI report that 'one source indicates the upper management of the Schiavone Construction Co [where Donovan was a vice president] is closely aligned with the Vito Genovese family of LCN [La Cosa Nostra]" It named the company official, who was not Donovan, allegedly providing this Mafia tie This report was initialed by two top FBI officials Francis Mullen and Charles P Monroe Both appeared at the confirmation hearings; but neither told the commit-



The Secretary after claiming vindication

I think I m a political asset

tee of this alleged Mafia connection

Mullen also failed to tell the committee about a series of wiretaps on the phones of William Masselli a Genovese family 'soldier. Those wiretaps according to the Silverman report show that Masselli boasted of how. I get along good with all the bosses, of the Schiavone Cohe was overheard naming the five top officers including Donovan.

The wiretaps also show that Masselli claimed he got an interest-free \$200,000 loan from Schiavone. The check according to the Silverman report, was cosigned by Donovan Masselli complained that he had to pay \$20,000 to Schiavone as a kickback to get the loan. An TBI report showed that Schiavone officials contend this accusation was an attempt by Masselli claimed to the security of the security of

selli to extort money from the company.

Also heard on the wiretaps according to the Silverman report were attempts by officials of Schiavone to get Masselli to contribute money to Reagan's 1980 presidential campaign Masselli, who had muscled his way into control of a company handling subcontracts for Schiavone, readily agreed to give \$1,000 The Silverman report notes that Donovan and other Schiavone officials asked some 200 subcontractors doing business with the comstruction firm to kick in at least \$1,000 each to the Reagan campaign. Two of the subcontractors told Silverman that they felt the request for funds implied that fails ure to comply would end their business with Schiavone While Silverman concluded that no crime was committed in this fund-raising tactic, he sent the information to the Federal Llection Commission to see if any civil violations of cars paign funding laws were involved

he Silverman report suggests that Fred Furino a Mafia bagman whom body was found in an abandoned car of June 11 in New York City, may have been murdered because of his role in the Donovan probe I utmo flunked a lie-die tector test on April 27 when he claimed that he had never collected any payoff from Donovan He later made two ap pearances before the grand jury investi gating Donovan On June 2 Silverman subpoenaed John DiGilio Furino's supe rioi in the Genovese family to appear be fore the grand jury as well. The next day Furmo vanished Silverman's report call for an investigation into whether Furing' slaving was an obstruction of justice

The special prosecutor also disclose that the IBI asked him on several occasions not to call specific informers because their testimony might endange their lives or juopardize a major of ganized-crime investigation. Silverrhai agreed. At least one of these witnesses TIMI was told would have claimed that Donovan and his company had ties to or ganized crime.

Utah Republican Orrin Hatch chairman of the Senate committee is pressing on with hearings into. possible conspiracy by the Whit House and 1Bt to conceal wha might have been damaging infor mation about Donovan TIME ha learned that the original discus sions between Reagan's transition team and the IBI about the Dong van appointment were conducte on higher levels than had previous ly been admitted In early Decem ber of 1980 (B) Director Wilhar Webster conferred with Edwi-Meese Reagan's transition chie about Donovan

Some Reagan aides are hopin that Donovan will step aside to spare the Administration any possible embarrassment. But Donoval has other ideas. I have no plans to resign, 'he said last week. "I thin I'm a political asset."



ings; but neither told the commit- Special Presecutor Silverman displaying 1,025-page report

United States

Finally, a START on Arms Curbs

As talks begin, nobody expects a quick da to reduce arsenals

dward Rowny read aloud a letter from President Reagan calling the superpowers 'trustees for humanity in the great task of ending the menace of nuclear arsenals "His Soviet counterpart Victor Karpov delivered a brief homily concluding that 'the most important thing about these talks is that we are now finally asking "With that opening exchange last week at Villa Rose, Moscow's diplomatic mission in Geneva, the two negotiators anded a hiatus of three years and resumed in esoteric, tedious and secrecy-shrouded ant vital business trying to reduce the iwollen Soviet and US inventories of the nost powerful weapons on earth

Rowny laid out a proposal based on resident Reagan's May 9 call for a mutual one-third cutback in long-range ballistic-missile warheads. At the envoys second session, held in the penthouse of the

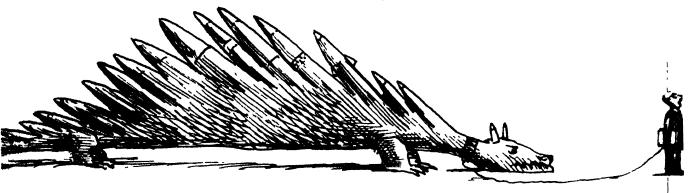
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Thus Rowny personifies the Administration's repudiation of the past By contrast Karpov, 53 headed the Soviet negotiating team during the final months of SAIT II and was proudly present during the ceremony in Vienna He represents Bre/hnev's determination to 'preserve what is positive that has already been accomplished'

According to a Soviet official who is advising the Kremlin on arms-control policy. Brezhnev has deliberately avoided referring to SAI I by name. He recognizes that Reagan's repeated denunciation of SAI I as 'fatally flawed' during the 1980 presidential campaign and in the first year of his Administration makes it impossible for the President to reverse himself and ratify the treaty. But the Soviets are counting on the impact of their own negotiating tactics combined with growing pressure

another Both literally and figuratively, Reagan has changed the name of the game. He has rechristened the negotiations sfart for Strategic Arms Reduction Talks, as a somewhat artificial way to distinguish his Administration's goals from those of its predecessor. The Soviets profess to share the desire for reductions, they have even added the word to the Russian designation of the talks ("Our first concession" says Zamyatin with a will smile. But they object strenuously to the soits of reductions that the U.S. wants

While the American plan is built around the goal of equal drastically lowered ceilings it is deliberately designed so that the Soviet Union would have to cut far more than the US in order to fit its arsenal under those ceilings. Moreover, the proposed reductions apply mainly to those categories of weaponry in which the USSR has concentrated its nuclear fire-power particularly intercontinental ballistic missiles (ICBMs). The key feature is a requirement that neither side have a total of more than 2 500 was heads on its ICBMs. That is about 3 000 fewer than the Soviets



Jeneva office of the U.S. Arms Control and Disarmament Agency. Rowny made t clear that he did not expect an instant la from the Soviets. The President want-d to know if I needed some leather pants o be patient. he quipped. I told him no Carpov, like his namesake [World Chamdon Anatoli Karpov] plays chess. We in he West like to play Pac-Man. We like to be instant results, but it's not going to be hat way.

Indeed the differences between the wo sides -- some left over from past negoations and a few new ones-may make ny agreement unattainable The very seection of the chief negotiators symbolizes that has changed since the previous ound of talks ended during the June 979 Vienna summit between Jimmy garter and Leonid Brezhnev Rowny, 65 g'retired Army lieutenant general was the representative of the Joint Chiefs of the fouring the second Strategic Arms amitation Talks (SAI 1 II) He opposed empromises made during the talks and sait the delegation in protest on the eve of treaty-signing ceremony. He then deoted himself to defeating SAI I II in the snate and to electing Ronald Reagan as resident.

from the West European allies and the nuclear-freeze movement in the U.S., to improve prospects for a new pact. Moscow's hope is that the Administration will gradually be forced into a tacit acceptance of SALT both as a set of ground rules for competition in the short run and as a basis for a new long-term treaty.

On the first point, the Soviets have already seen the Administration come a long way On Memorial Day Reagan reluctantly and belatedly committed the US to abiding by the unratified 1979 SALL III agreement as well as the expired 1972 SALT Laccord on offensive weapons. as long as the Soviets do the same He had been persuaded, primarily by his military advisers, that in the absence of the SALT limits Moscow could proliferate its warheads much more quickly than the US could take either offensive or defensive countermeasures In an interview with TIME last month, Brezhnev's chief spokesman Leonid Zamyatin for the first time made a similar pledge of restiaint on behalf of the Kremlin leadership

But leaving SALT in place as what the Administration calls an 'interim measure' is one thing Resurrecting it as a basis for the Rowny-Karpov talks is quite

are allowed under SALLIL Yet it is nearly 350 more watheads than the U.S. has on its own Minuteman and Titan ICBMs. The U.S. force of land-based watheads could expand even as the Soviet one would be required to contract. Meanwhile there would be no restriction on bombers and cruise missiles, weapons in which the U.S. has an overwhelming advantage both numerically and technologically.

The rationale for the one-sidedness of the proposal is partly a matter of negotiating tactics the US should make an offer heavily weighted in its own favor, since any Soviet counteroffer is sure to be at least as much tilted in the other direction More important the US proposal reflects a strongly held view in the Administration that the Soviets sizable edge in land-based missiles and warheads has dangerously upset the parity," or "rough equivalence," of the '70s

At the beginning of the Administration, Reagan and Defense Secretary Caspar Weinberger wanted to put bilateral disarmament efforts indefinitely on hold, while they tried to remedy what they saw as inequality in the strategic balance and the vulnerability of American forces that is, arm in order to parley. Largely because of the freeze movement and public fears of nuclear war the Administration began to look for ways that, in its view, would restore equality by means of arms control. In other words, arm and parley at the same time—a fairly traditional concept one that has kept both SALT and the arms race going for a long time.

The official US starting point for the talks is indeed new. Of the five successive American Administrations that have tackled strategic-arms control Reagan's is the first to go to the negotiating table with what it believes is a position of overall military weakness. As he has stressed in recent speeches. Reagan is confident that the West enjoys an ultimately decisive economic political and ideological advantage over Communism But in the hard cold numerology of nuclear arsenals the President and many of his aides believe the US is distinctly second best Many defense experts think the Administration exaggerates both Soviet strengths and American weaknesses. Neither side has unequivocal superiority—says former Defense Secretary James Schlesinger It is a mistake for the President to describe our position as inferior

Experts in Moscow concede that their government has consciously sought an edge in ICBMs, but they see that advantage merely as offsetting other factors that favor the US 'Would your leaders really like to trade your neighbors for ours' asks one of these officials. Canada and Mexico for NAFO and China' It is true that we rely heavily on ICBMs. They are the artillery of the nuclear age. We are a land power. Our military has always worshiped artillery as the god of war. You Americans are a naval and air power. Yet your President proposes limits only in land forces.'

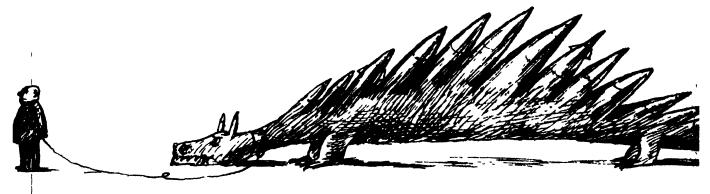
Karpov and his colleagues went to Geneva last week with instructions to reject in the strongest terms the propositions on which the President's START proposal is based. But the Reaganauts are not likely to abandon their proposal so quickly as the Carterites did in 1977 when their own deep-cuts plan was rudely thrown back in Cyrus Vance's face. This Administration is ready, if not eager to engage in some serious, protracted stonewalling of its own at the disarmament talks in Geneva while it sells the American public on the need for massive rearmament.

That possibility is taken seriously by

from their territory Ground-launched cruise missiles are already on the agenda of INF. The Kremlin wants to deal with sea-launched cruise missiles and its own Backfire bombers in INF the U.S. is leasting toward treating both in START. Therefore the possibility may arise of merging the two sets of talks.

owny and Karpov can raise these questions, but they do not have the air thority to decide on answers. That can take place only at a higher level. Before he resigned two weeks ago. Secretary of State Alexander Haig had been busily setting to a back channel, with the Soviet Ambaes ador in Washington. Anatoli Dobrynia and a working relationship with Foreign Minister Andrei Gromyko. Haig had extablished himself as the Kremlin's principal point of contact on \$1ART. Now the \$0 viets are worried not only about Haigh departure, but about the possibility that Weinberger who favored an even toughe, stance on negotiations will cassert himself.

Even if Secretary of State-designary George Shultz prevents that from happens ing by following Haig's policies and filting his role the problem of trade-offs and fall



The Administration's belief in Soviet nuclear superiority makes the negotiations more difficult than they would otherwise be The US has set itself the task of persuading the Kremlin leaders 1) to accept the proposition that the strategic balance is heavily in favor of the USSR and 2) to accept the corollary that reductions particularly in ICBMs must be in favor of the US In Reagan's view ICBMs are 'the most destabilizing' weapons since they alone pose the threat of a preemptive attack, bombers and cruise missiles are too slow flying, and submarinelaunched missiles insufficiently accurate. to be anything but retaliatory Says Eugene Rostow director of the Arms Control and Disarmament Agency 'There is no harm in asking for unequal reductions that achieve an equal level of stability "

The trouble is the Soviets insist that equality now exists. They agreed to SAIT II because, in their assessment—which was shared by many Americans—the treaty acknowledged that equality. Leonid Brezhnev keeps urging his own version of a freeze, partly because he betieves the present level of nuclear arsenals assures what he calls "equal security."

the Soviets, who are genuinely flightened of an all-out American buildup. They are worried that an array of new American weapons—the land based MX and Pershing II the submarine-launched Trident II the B-1 and Stealth" bombers and cruise missiles deployed on land at sea and in the air—threaten them with vulnerability and inferiority by the 1990s.

As the two delegations settle into the slogging routine of biweekly meetings and more frequent, less formal conversations, they will first be probing each other for potential areas of flexibility. If Karpov tables a counterproposal the Reagan Administration will face some hard choices What if the Soviets are willing to cut their land-based warheads, but not so deeply as the US wants? Will they do so only in exchange for the US giving up the MX or some other system under development' And is the Administration willing to link START and the negotiations on Intermediate Nuclear Forces (INF) that are already under way in Geneva?

The Soviets regard the intermediaterange Pershing II as even more of a strategic threat than the intercontinental MX, since it will be based in West Germany, only a few minutes flying time backs in START and INF will almost surel touch off negotiations within the U.S. Government. They will be at least as as duous acrimonious and suspenseful a those in Geneva.

The outcome may depend largely of Reagan's overall political fortunes and the strength of the antinuclear movemer a year or two from now Administration hard-liners believe that no START is bette than warned over SALL. They fear, it Rostow's words that it would be fatalt say we are tiving to get an agreement before an election. The Soviets could the tempted to read that as a signal that the need only wait until American resolve to the negotiations cracks under domestip political pressure.

It however Rowny and Karpov as still far apart as the 1984 presidential campaign gets under way-- and if Ronal Reagan is feeling politically vulnerable on foreign policy issues - he may decide to retreat from his bold but one-side opening proposal and settle for a limited opening proposal and settle for a limited interim agreement. That way he could claim to have accomplished somethis more in strategic arms control that just to have made a stubborn and us successful try

United States

Basking in Reagan's Troubles

Now all the Democrats need is a program of their own

y all appearances it was an oldtime Democratic love fest. The party faithful, breaking with recent practice, were actually faithful they did not split up into bitter factions or call one another names. Presidential hopefuls preened smiled and whispered sweet nothings into delegates' tars. To top it all off there was a rousing speech by a Kennedy "The dawn is near bur hearts are bright," intoned Senator fed of Massachusetts. "Our cause is right and our day is coming again."

Indeed as some 900 Democrats headed home from their national midterm ionference in Philadelphia last week hey could be forgiven for letting out a heer or two Twenty months after Ron-ild Reagan and the Republican Party tunned them at the polls, they are looking to make gains in the elections this fall and to recapture the White House in 1984 The reason for their optimism Ronald Reagan His performance in the Oval Office, especially his failure so far to evive the economy, has become a potent ampaign weapon

Yet for all the sweetness and light a Philadelphia many party leaders are measy in an attempt to project a unit-d front, the conference approved a taft bland policy positions that will win the converts to the Democratic cause aside from a resolution simplifying the acome tax system the platform is a model of artful dodges and hedges. There seems to be a feeling that our cood spirits and Reagan's problems will be enough but they are not "observed congressman Leon Panetta of Califortia "We've got to come up with bold new alternatives"

The underlying problem is that the warty is badly if quietly split In one amp are the veteran liberals who have con largely responsible for shaping Democratic policy since the New Deal hese traditionalists exemplified by iennedy and to a lesser extent, by forner Vice President Walter Mondale remain committed to the idea that the I edral Government should continue to rovide a panoply of social services for the cedy As Kennedy put it in Philadelphia . We will be as we have been before and 't our best, an advocate for the average an and woman a voice for the voiceless partisan for people who suffer and are eak

In the other camp are the so-called coliberals. They reject the notion that overnment can solve social problems by moving money at them. Instead their aphasis is on formulating national polices to promote economic growth. The soliberals are also called high-tech emocrats, for their emphasis on steering a economy away from troubled indus-



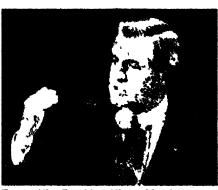
White House hopefuls: Ted Kennedy



Senator John Glenn of Ohio



Senator Gary Hart of Colorado



Former Vice President Walter Mondale

tries like automobiles and steel to hightechnology firms specializing in microchips and computers * They include Senators Gary Hart of Colorado, Paul Tsongas of Massachusetts, Bill Bradley of New Jersey and Congressmen Panetta and Richard Gephardt of Missouri

Tsongas, for example, favors helping manufacturing firms with industrial revenue bonds and Urban Development Action Grants. If some social programs have to be curtailed to cut the deficit and make the economy healthy again fine. You can talk about all the social programs you want but there is no substitute for a viable economy. Contends Tsongas. This may take us into conservative Republican turf but if that's what it takes, so be it.

That is exactly what disturbs many of the old-line liberals who fear that the high-tech Democrats will neglect the party's traditional commitment to the poor and minorities. Kennedy alluded to this in Philadelphia. Rethinking our ideas should never be an excuse for retreating from our ideals, he declared. The last thing this nation needs in the 1980s is two Republican parties. Mondale does not criticize the neoliberals so strongly but he is nevertheless wary of their proposals. Says he You can't have a banner with a microchip on it.

but the neoliberals cannot be dismissed so lightly. In a party often criticized for lacking fresh ideas, the high-tech Democrats are at least offering alternatives they are not simply attacking Reagan or sitting back and hoping that the troubled economy wins them votes. Some of their proposals may be too provocative, too risky or downright uniworkable. But the time is right for creativity. Concedes Mondale. 'The people don't like what Reagan has done to this country, but they don't want to go back either. They want a third alternative.

Many of the ncoliberal proposals, however, have a major drawback they are too complex and bloodless to be easily translated into catchy campaign themes or stirring slogans. Ask Gary Hart about his plans and he begins talking about "industrial modernization policy" and "maximum trade potential"

Indeed, by far the most effective performers at the Philadelphia meeting were Kennedy and Mondale, both of whom delivered traditional stem-winders attacking Reagan and reaffirming the party's liberal principles. In his 30-min address, Mondale, usually a dull plodding speaker, was interrupted by applause 27 times. In his 40-min speech, Kennedy, 7 lbs lighter and sporting new aviator glasses, was stopped 57 times by ovations. Some of this enthusiasm was due to the fact that

The high-techers have also been dubbed the Atari Democrats, but at least one of them would like to hange that nickname. We prefer Apple Democrats jokes Representative Tim Wirth of Colorado, referring to the successful home-computer company. It sounds more American.

midterm conclaves are usually packed with party activists who tend to be liber al Even so the response served notice that Kennedy and Mondale remain the front runners for the party's presidential nomination in 1984 Although Kennedy outshone his rival by several watts. Mon dale drew raves by delivering a much bet ter speech than was expected. The four other candidates who spoke—Senators Hart John Glenn of Ohio Fritz Hollings of South Carolina and Alan Cranston of California—turned in respectable perfor mances but failed to fire up the crowd Glenn looked on the bright side I didn t see anyone asleep. The fifth hopeful for mer Governor Reubin Askew of Florida chose not to make an address pursuing instead the sort of quiet behind the scenes strategy that helped win Jimmy Cirtei the nomination in 1976

f the Democrats cannot agree on a new and more relevant philosophy by 1984 they will have missed a splendid opportunity With a conservative Republican in the White House the Democrats do not have to reward their traditional constituencies with new programs. Reagan is ab solutely ensuring us that we have all the blacks environmentalists women and la bor union members claims Jim Johnson an aide to Mondale. We don't have to be on the frontier issue any more. Thus the party is free to overhild shopworn poli cies and get them in line with the de mands and limits of the 1980s Voters want a bilance between budget cutting and spending says Washington Pollster Peter Hart They are looking for equilib rium. The trouble is that Democrats tend to fulfill one half of that equation and Re publicans the other

For the immediate future attacking Reagan is probably sufficient to win votes Hart expects the Democrats to pick up about 20 seats in the House—above average for the opposition party in the first midterm election of a new Administra tion—and thinks they will hold their own in the Senate The Democrats are also counting on picking up four or five gover norships primarily in the Midwest

But for the long run and certainly for the 1984 presidential election the Demo crats need a new national agenda. If they do not develop one and Reagan happens to be faring poorly in the polls the party might take refuge in doctrinaire liberal ism That would make for an emotionally satisfying convention in 1984 -think of the cheers for a white knight liberal sav ing the Republic from the rich man's President But if Hart's polls are correct such a candidate would likely be too left leaning for the general electorate. The 1980 election showed that the Democratic Party was not perceived as the party of Middle America says Paul Tipps chairman of the Ohio Democrats That lesson I think has been learned As with all lessons however the real test is whether it can be put into practice -- By James Kelly. Reported by John F. Stacks/Washington and

The Presidency Hugh Sidey

Styles of Political Mafias

achard Scampion, the elections singlyst, cause hours from the first and less in 1964 campaign meeting held by President John Kennedy just ten days by fore his assassination in November 1963 Scammon sat down with his wife Mark and with great snorts of laughter recounted that by his tally these were, around the table, eight Irish Roman Catholics and two Unitarians from the Middle West

The Irish Mafia, named by Sander Vanocur, then NBC White House Conspondent, still controlled the heartbeat of J.E.K. is three-year-old Administration in Scammon's mellow hindsight, there is no doubt that the tough, pragmatic, is often tender and poetic, strains of the Kennedy stewardship reflected the politic culture of the Boston Irish and the legacy of J.F.K. a grandfather, Honey Fitz.

Loyd Hackler now president of the American Retail Federation, writing called last week that when he was named an assistant to President Lyndon felts son, great efforts were made to obscure Hackler's own Texas background. It was growing sensitive to the observations that Texas people, Texas clothes, The as food and Texas language were mundating the capital, and so Hackler was the das being from Oklahoms. It took UPI's willy White House correspondings Merriman South to penetrate the ruse by asking "When did he move to Texas"



The utilizate Texas on the L.B.L. Ranch

At The reluctant answer at age and Johnson had his Texas Man best known for its authoritative cumning ability to manipulate st ers Richard Nixon's governme melded men from both coasts. his White House staff had a he dose of those too eager sunshing boys from Southern California whose frateratty tricks helped pro duce Watergate The memories of Jimmy Carter's Georgia Mafia ap mercifully fading, but their suspic cion and their resentment of the rittials of real power surely hasterise his failure

It was of no hittle interest when, after the resignation of Alexandra-Haig, the new Secretary of Statesidesignate arrived in Washington, and introduced himself "My name is George Shultz I'm from California" Something clicked

Most of the key power points in Reagan's Government are now in the hands of Californians of one vintage or another The White House staff of course, is freighted that way Now the President's top two Cabinet members the Secre-

taries of State and Defense, form a solid California front. We will feel the effects of their environment.

Theories about pointical influence are not always tidy however. Within the White House, James Baker a Texan, is as important as any of the aides Reagan's total Cabinet tilts, 8 to 5, east of the Mississippi River. Mike Deaver, who is Baker's deputy and a Californian contends that the Reagan White House cannot be measured so much for its West Coast flavor as for the taste of Ronald Reagan. With the departure of Haig, those men closest to Reagan all have a special loyalty to him and fit his style.

That style is one his of the California kaleidoscope it reflects the manner of self-made rich men whose strong wills have produced wonders in a society that constantly shifted—home, jobs, wives—and put much stock in appearances. These men have lived a long way from the rest of the world Many have not really pome to terms with instory, still vaguely believing that American will has the power towork magne in the globe, as it did in California.

For airs, there is in place today in Washington something that could be called a California Madia. It remains to be seen what listing impact the perceptions fixmed on those beaches so far away will have on the city along the solient follower.

United States

How Long Till Equality?

American women take stock and step up the pace

nd vet

All the gain is on the near side of that first simple word, all the distance lies right beyond the second There are more women working now than ever before, more women in politics, more teaching, more learning And yet

Most of the women hold down-scale jobs and draw salaries

smaller than a man's for the same work, many live below the poverty line The majority of American college stuients now are women, and vet the faculties instructing hem are still mostly male There are, all together more women in state legislatures, nore in the House and Sentie than at any time in histoy. And yet Neither these inreasing numbers of women soliticians, nor their male xolleagues could manage to tet women something that **mce** looked elementary, comething that should have seen so simple a constituional guarantee of equal ights under the law

There are also the numzers, statistics like measured naic markers, flashing along i dawn drive toward a still listant reckoning There vere 301 women state legisators in 1969, 908 in 1981, 5,765 female elected officials n 1975 14,225 just four years ater And yet those 908 legslators are only 12% of the nembers of state legislative nodies Only 19 of the 435 nembers of the US House if Representatives are womin, only two of the 100 |. **ienators**

The numbers mark distance traveled and distance yet to go lighty percent of all women who work hold down "pink-collar obs" and get paid about 66¢ of a man's dollar. Seventy percent of dl classroom teachers are women yet for the same job, they nake an average of \$3 000 a year less than their male colleagues for than a third of all candidates for M.B. A degrees are women the numbers encourage. Only 5% of the executives in the top 0. American companies are women the numbers numb. Where there exercise now show there has been something some program forged for women over the past decade of challenge and confusion. Perhaps those numbers are really a crude scale for new geography, exploring the wide gulf between something and satisfaction.

But when I began to consider the subject I soon saw that it ad one fatal drawback I should never be able to come to a onclusion I should never be able to hand you after an hour s iscourse a nugget of pure truth to wrap up between the pages of our notebooks and keep on the mantelpiece for ever All I could do

was to offer you an opinion upon one minor point—a woman must have money and a room of her own

Virginia Woolf published 4 Room of One's Own in 1929 It remains the best book about the situation of women, which says much for the perpetual pertinence of art and little for the mutability of men and social politics. There is no mark on the wall,

she wrote "to measure the precise height of women and in the absolute sense, she is still right. The deepest impact of the women's movement is intangible. Some of feminism's greatest advances are revealed in the everyday auguries of family home and job some of its greatest power has come in altering the cadences and the promises of a woman's daily life. In 1972. women wondered hard about the possibility of having a family and a career and being able to manage both. In 1982 more women -including some of the daughters of the past generation-take all this as a birthright

> Realistically now it will have to stand as a buthright deferred Feminists of both genders attached a strong symbolic importance to the passing of the FRA and find in its final and formal defeat last week intimations of national malaise (see fo'lowing story) It is an appalling obscenity not to pass the FRA, when everyone knows women have to work and society wants them to work," says Novelist-Critic Elizabeth Hardwick 'There is an illiberal and I think tyrannical

minority imposing its will on obvious needs for social change," remarks Novelist John Irving, who wrestled questions of feminism and family into contemporary myth *The World According to Garp* "Feminism is simply one of many human rights. The whole thing is very depressing."

Feminists took things somewhat less hard than the writers Eleanor Smeal, president of the National Organization for Women, and other leaders vowed to concentrate women's new consciousness and resources (NOW has reported recent monthly political contributions of \$1 million) on building legislative strength to win eventual passage of a resubmitted FRA Ms magazine Co-I ounder Gloria Steinem has already drafted marching orders for the '80s (reproductive freedom democratization of families, more respect for work done in the home and comparable pay for the work done outside it)

"I'm very disappointed that the ERA didn't pass" admits Donna Shalala 40, president of New York City's Hunter College, who does not hesitate to add that "most of the critical breaks in my career would not have happened if it wasn't for the



women's movement "Says Shalala "It's going to be tough The problems of the future are going to be more sophisticated But I rarely meet a young woman who isn't more militant about control over her own future, as well as her own body I'm just very positive about the future, and I think we all ought to be positive too "

The possibility—and, perhaps, the urgency—of positive feeling is in itself a product of progress. For a time at the beginning there seemed to be only occasions of lage.

I: MAKING ROOM

I thought how unpleasant it is to be locked out and I thought how it is worse perhaps to be locked in

Feminism was the last focus of the civil rights movement and the more general social activism of the late 1960s. Its potential constituency was the broadest and the deepest, but so were the

problems it addressed too wide too varied rooted too deep in sexuality and self-image even in language. Ms. An abbreviation for manuscript an affectation otherwise a pretense Abortion. A moral question never a biological one Right to work. Something the unions settled during the Depression.

After the batterings of Selma and Viet Nam several assassinations and summers of psychedelic overload, the country needed a warm bath and a bit of soothing. What it got instead was a fresh hard needlepoint shower from the ranks-- indeed, from the home It was a little too much Doors slammed, windows rattled shut. The national circuits had temporarily shorted out, and, in the prevailing gloom the feminist torches looked less like beacons than sputtering pilot lights from the stoves the women were threatening to abandon

Women's libit was called then, short for liberation of course, but unconsciously closer to women's lip with all attendant condescending connotations (Ah shut up I've had enough of your

') It was tough to be called a libber, even if you took pride in the politics, and those at first were mean. They were the politics of long frustration and new anger, and it was men who took the heat as repressive husbands, lackadaisical fathers, selfish sex partners exclusionary businessmen, blind-sided artists and perpetrators of a patriarchy that had to be overthrown. Even Shake-speare was a sexist for a little while

The press cut in on the dark carnival atmosphere, and in some measure contributed to it. On the occasion of a Miss America pageant a marginal faction of young women threw their underwear into an Atlantic City, N.J., garbage can attempting some clumsy metaphorical gesture, and grabbed headlines, air time and a disproportionate share of posterity. If "libbers' were the dreary drones of the movement, "bra burners" were the lacy lunatic fringe. (A note no bras were actually burned that day Not a single dame was lighted, not in any sense.) "Bra burners' was a convenient, slightly comic way of dismissing demands and resisting confrontations that had been deferred too long. Those women were a curiosity and thus a comfort to the opposition.

Unfortunately, part of the opposition belonged in the feminist constituency. The fierce early rhetoric of the women's movement boggled many of the same women it should have enlightened Instead of challenging women who had made lives of substance and happiness with husbands and children, it put them on the defensive, made them think they had betrayed not only their womanhood but their selfhood as well. There was a self-righteousness among feminists that kept all kinds of potenti tial recruits away Lmily Anne Smith the second female designing er-builder in Atlanta's history, recalls, 'When the women' movement came along, I was involved in what I wanted for me Then, when I did meet with NOW I was put down They told me I was selfish 'Her friend Flo Bruns, who helped found Atlantai high-powered Women Business Owners club (because "I didn' want to talk business to a man. My experience is he is going \$ patronize me') had a similar experience "I walked into a NOW meeting wearing a business suit and ready to volunteer 1 was treated like an outcast by all these young women in jeans Power

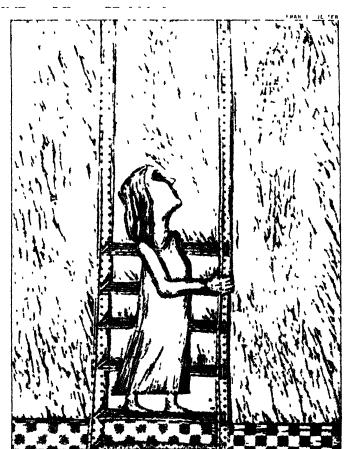
comes from money, honey but they didn't recognize that I hey did not recognize Raquel Welch either, who reasoned 'Maybe it mugh help the movement to be as sociated with someone less abiasive, more femining. They werent interested "

aybe Welch should reapply I here ha been much tal lately among femi nists about community an consensus and building broader base just as, outsid the movement there is growing awareness of hon much feminism and the ball tle for the IRA has mean to most American women Bruns says "Our acceptance in the general business com munity has a lot to do wit what the IRA people start ed Renae Scott who go herself some college educa uon and worked herself of welfare to an administrativ job with the Haymarket Pec ple's Fund of Boston say No one and I mean no one got here by herself Worned in the past have paid a heav price for the women of today What affirmative action pro grams we have what sale

ries—no matter how small—were made possible with help from

Scott who is black, is a solid refutation of the widely held not tion that feminism is strictly a white middle-class issue. That no mains a common enough criticism, as if the whole movement could be bundled up in a Volvo station wagon and sent off for spin into irrelevancy. In fact, minority women may still be more concerned with problems of employment, and discriminated than with the comparatively tarefied legalities of a constitution amendment. But even their priority issues in the words of former NOW President Aileen Hernandez. 'flow out of the ERA Adds Ruth Mandel, director of the Center for the Americal Woman and Politics at Rutgers University. If die willing to be that there is only a small minority of families in the U.S. that he not had to deal over the past ten years with the fact, or the consiquences, of the women's movement.

Some families may have dealt with the consequences so at tensively that for the younger members, the problem has it about blown away. "Equality is not as big an issue for us as it."



United States

for grownups 'says Demetrius Toney 17 of White Plains N Y Maybe the reason is that for Demetrius, it has long been a part this second nature. His mother is a day worker cleaning other apople's houses, "so I do everything in our house. I sweep I wash lishes. This week my brother is doing the laundry. At UCIA Director of the Women's Resource Center Tina Oakland says 'Most college women think the movement has worked Cirls fon't think they need a women's movement. They think society is fair." Lori Harrington. 21, of Yonkers, NY, is not quite so aire. "I haven't lived long enough to know exactly what I d be tiving up for equality but I do know what I'd be giving up if we ent back to the 50s." she says. "I wouldn't be in school There'd be no reason for me to be in school I could forget becoming a journalist unless I wanted to write a cooking column ome place.

If Harrington is serious about a column she might consider

me about women and the aw Along with other beneits, it could shake up some of ier peers She might explain he immediate practical need or the FRA (' We are probaly not going to see many nore gains without some maor legal change such as the Donna I enhosf of Vashington's Women's Leal Defense Fund "I think ve have gone as far as we an under the 14th Amendnent" Gail Harmon, presiext of the fund) She might oint out that the Supreme Court lacking any clear stanard for sex discrimination ases, has ruled both that the **dartin** Mailetta Corp was uilty of sex discrimination y not hiring women with hildren and that a Califoria state disability plan was ot discriminatory even rough it excluded pregnany as a disability If Harringon wants to stir things up a ttle more she might specutte on whether the country's rst woman Justice Sandra Day O'Connor was more a irist or a feminist Her deiding vote in a case estabshing that seniority systems re immune to suits under Tie VII of the 1964 Civil

ights Act will probably not guarantee a Women's Legal Denase Fund testimonial But her majority decision handed down as Thursday, that an all-woman nursing school in Mississippi as guilty of sex discrimination is sure to rekindle a few low-urning fires in the feminist camp O'Connor even added a kind fonus in her written decision when she pointed out that such agregation by sex only succeeds in reinforcing the stereotype of ursing as a woman's profession

or all the sense of debts owed and steps taken there is a simultaneous impression of reluctance on the part of many women to be drawn even into the fringes of the movement Some of this may be attributable to residual sentment of old rhetorical putdowns, and some of it may have do with resistance to being commandeered as unenlisted political foot soldiers or being spoken for by proxy "A lot of the failers of the movement are built into the people who are speaking women," says Novelist Anne Tyler Basically I agree with the rything they say, but I find myself wanting to disagree be-

cause of the way they say it If people like me, who are pro-women, are put off by it, imagine other people." Or imagine a sympathetic parent, particularly a father, leafing through the beginning of a feminist guide to child rearing and banging a shin on the following parenthesis: "(See Chapter 24 for a full discussion of language as an exclusionary tool of male supremacy)." Imagine getting to Chapter 24, imagine turning the page

It does not do, though, to be so easily put off Movements all have their excesses. They come with the territory, even if they sometimes seem to cover it, like drifting snow over new paths. Indeed should the father have persevered, he might have found some first-rate advice about children in that very same book. He would also have found a kind of zip-lock naivete that insulates Author Letty Cottin Pogrebin inside a cocoon of ideology. How else could a writer suggest never mind believe, that children might be encouraged to forsake the music of the Rolling Stones.

(sexist of course) for the uplifting ballads of Gay Feminist Holly Near Ideology infringes on reality one suspects it can also skew the sense of rhythm. It may not interfere with a woman's getting a job however. And it may be able to show her why she cannot get a better one or get paid in full for the very one she is doing now.

II: LEAVING ROOM

I had made my living by cadging odd jobs from newspapers by reporting a donkey show here or a wedding there 1 had earned a few pounds by addressing envelopes reading to old ladies making artificial flowers teaching the alphabet to small children in a kindergarten I need not I am atraid describe in any detail the hardness of the work for you know perhaps women who have done it nor the difficulty of living on the money when it was earned for you may have tried But what still remains with me as a worse infliction than either was the poison of fear and bitterness which those days bred in me



staggering change. The percentage of married women in the work force during the same period has risen from 32% to 51%. The number of children with mothers who work (31.8 million) has become, for the first time, larger than the number of children with mothers at home (26.3 million).

"Even though a woman's paycheck is less than a man's it keeps many an American family alive' says Betty Friedan "Given the realities of human family and national survival there can't be any serious consideration that women will go home again." Flizabeth Hardwick puts it this way "I certainly don't think the clock will be turned back not because of any kindness on the part of society but because it does not suit society for women to be in the home. It is not economically possible it is not convenient and it's not practical. The wife economy is as obsolete as the slave economy. At the very least Hardwick's "wife economy has mutated—out of the kitchen, into the office onto the assembly line—even as the wages paid for the newwoman's work range significantly below the male median.

Traditionally jobs are the tools of success In Ameiica they have become some-We have thing more learned that jobs do not simply earn money they also says Barry create people Stein president of Goodmeasure a Cambridge Mass business consultancy Jobs we have on good authority from the forelathers confer respect status and community well-being. The foremothers were apparently not consulted on the subject. It is difficult for a woman to find status in a pay envelope that is substantively thinner than a male co-worker's

ot only has the current Administration made little effort to rediess the wage imbalance in the eyes of many feminists it has set out to blunt the victories of the past ten years Around the Women's Legal Defense Fund, President Reagan's popularity rating is about as high as the heels on a California rancher's boots. Among the grievances Administration suspension of stronger affirmative-action regulations for businesses receiving Govern-

ment contracts withdrawal of wage-discrimination and sex-segregation guidelines for federal contractors, elimination of the \$500 million set aside for child care in the federal budget

Whether intended to do so or not this has sent a clear message to feminists and working women alike. When Republican Congresswoman Margaret Roukema of New Jersey spoke at a Cape Cod. Mass., conference of women state legislators to plead for recognition of "reality" according to Reaganomics, she faced considerable heat from the floor. "I have the feeling you people want to shoot the messenger." she objected. State Representative Arie Taylor from Denver shouted back. "We don't want to shoot, but we don't have any jobs in Colorado, and we can't take care of our children! You take that message back to him!"

The President has never been noticeably receptive to messages of that tone or type. It is even unclear whether he is all that keen on sending women out to work at all. Last April, at a luncheon with editors and broadcasters, he said that part of the reason for high unemployment "is not as much recession as it is the great increase in the people going into the job market, and

ladies. I'm not picking on anyone, but [it is] because of the increase in women who are working today and two-worker families. Rosalind Barnett a psychologist at Wellesley College's Center for Research on Women, has little patience with such at analysis. Once you see work as crucial to both men's and worken's sense of who they are "she says "that kind of statement abhorrent. Barnett and a colleague. Grace Baruch, completed study demonstrating that for women between the ages of 35 and 55, a paying job is the overriding factor that enhances a sense of worth.

Kinds of jobs however, and ranges of salary remain a significant stumbling block – indeed in some cases, a barrier "Post for full-time women clerical workers is extremely low "says Katren Nussbaum executive director of 9 to 5 the National Association of Working Women 'It averages just over \$11,000 a year for women as compared with male clericals who earn over \$17,000. We feel if we could just get equal pay within our job classification we would be doing well.' To date 9 to 5 has initial

ated legal action that wo over \$3 million in back pet to women in publishing an banking, in addition to majo pay raises for female employees in banking, insurance and engineering including sizable \$1.34 million settlement from Bechtel

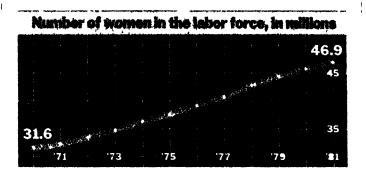
Nonetheless, equal palies beyond the grasp of man women workers Pames Yore 28, carns just over \$10 000 a year in a small Booton hospital (Males performing similar or the same dution yet more) She has to take carof a five-year-old son and a ailing husband and would certainly be helped by more equitable pay However she say

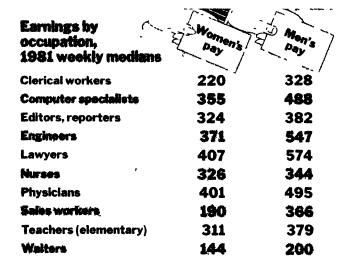
You learn not to make to many waves in the workplace It you do there will be ten ped ple there waiting for your job and probably half of then have more education than you You'see women and me sitting side by side in the same office doing the same job and making different salaries, and you have to tell yourself it more a social attitude than personal one directed at you But it is hard when you are no making as much as you coul 1 or should

The situation is not a its brighter on the management level. In 1980 the median salary for women managers and administrators was \$12.936 or \$23.55 for their male counterparts. A 1981 study by Wellesley research ers demonstrates that once she reaches middle management, woman is likely to be marconed there. As Management Consumant Carol. Weiss, who collaborated on the Wellesley study points out. If these women have got this far you know they've had to be crackerjacks to get there. Men look around and the feel threatened.

Some of the greatest progress has been made in admissions a law and medical schools. A third of the graduating class of Had vard Medical is made up of women. Law has had to practic what it has preached and legislated. When Justice O'Conne graduated from law school in 1952, the only job she was offere by major. West Coast law hims was that of legal secretary. Noting firm wants the top of the law school class, it has to skim won en along with men in the cream of the crop. 30 2% of 1981 graduates were women.

Over the past ten years, women have made significant pro-





TWITTHOUGHT TIETUO (HUUGHUT)

in professional education. Women who left the campus with engineering degrees for example, rose from 8% in 1971 to 10.4% last year.

But lawyers, doctors and women in what might be called high-profile jobs (journalism, publishing broadcasting, fashion) take an outsize portion of public attention partly because they are attractive exemplars of what is possible. But it is at the nether end of the economic scale that the hardest battles are being tought, and it is there that the statistics begin to take on the proportions of a body count.

Poverty is a longstanding social problem that hits American women with particular force "Female heads of households are he disproportionate group of people in poverty, says Columbia University Economist Fli Ginzberg "The feminization of poverty" is Sociologist Diana Pearce's blunt phrase for it A Census Bureau report covering 1980 just goes by the numbers 'About

one-half of all families below he poverty level in 1980 were maintained by women vith no husband present The poverty rate for such amilies was 32.7%, comsared with 6 2% for marriedouple families, and 11% for amilies with a male housenolder, no wife present ' The eport indicates that 50 8% of he female-headed families vith related children under ge 18 were poor Seventyive percent of absent fathers ontribute no child support at Il The Aid to Families with Dependent Children proram, which spent \$68 bilion in fiscal 1981, will be pending only \$5.4 billion in iscal '83

ork must be done, but work cannot always be had govern-When nent services are curtailed, it s not only a small, fixed inome that is lost but jobs as vell. The people dealing out aderal funds are often one tep away from poverty hemselves and as Cornell Iniversity's Baibaia Weithimer points out 'when you ut out services to the poor, I ou're also cutting the jobs

nat are held by women—child-care attendants, home health ides and the like It's a double whammy. The disproportionate hare of the reduction in federal programs is inexorably borne by ne black working woman. For me, adds M I I's Phyllis Walice, "the shocking thing is that most families with black women sheads are impoverished and nearly half of all black children re in these families. The problem is how to improve the chance in these women to get jobs in the private sector. Women in lack families almost always had to work the need may be more cute now but the situation is not new "Even the most highly ducated black women had no choice, says Wallace. If they anted their children educated, or if they wanted to buy a home in just have a middle-class standard of living, they had to work oung black women had working mothers, and they knew that ould be their fate. This is new for white families."

Federal programs that would train women of any color for be have been cut back. Recession has hit the heavy industries indexperienced male workers are competing for jobs with woman just entering the field. "It is not epily that women and men do-

ing the same work don't get paid the same,' says Barbara Wertheimer "It's that women are segregated into certain jobs where they are paid less. What we have to do is look at the value of the work to the society and determine pay based on that" What once was a cry for 'equal pay for equal work" will, accordingly, become a demand for "equal pay for comparable work." How this will be measured and worked out is still a mystery—how does an hour at the computer keyboard prorate against the same time spent in the typing pool?

If the work equations are ever resolved, they may even help answer a question some men now ask only with amusement "Have women s rights done anything for me?" It may have seemed funny and a little silly when feminists started talking about men sharing housework and wives began insisting to husbands that homemaking was a tough job all its own But the joke may seem strained indeed to whoever is left in the kitchen And,

guaranteed there will be more diapers and dishes in Dad's future

HI: LIVING ROOM Fust there

hust there are nine months before the baby is born. Then the baby is born. Then there are three or four months spent in feeding the baby. After the baby is fed there are certainly five years spent in playing with the baby you cannot it seems let children in about the streets. People who have seen them running wild in Russia say the sight is not a pleasant one.

So many of the issues of the women's movement from housework to abortion were so basic to so much received wisdom that they seemed by prospect or in perspective, either trivial or threatening Attention was finally being paid," Joan Didion wrote in a 1972 essay ' yet that attention was mired in the trivial Even the brightest movement women found themselves engaged in sullen public colloquies about the inequities of dishwashing and the intolerable humiliations of being observed by

construction workers on Sixth Avenue It was a long way from Simone de Beauvoir's grave and awesome recognition of woman's role as 'the Other'. Those examples can be trivial issues only to women who in suburban snugness no longer have to endure them. Their metaphorical weight—as symbols of the wife economy, and of victimization—should have been difficult to miss. Difficult, apparently, but by no means impossible. 'Well, I wrote that in 1972 and I haven't really thought about it since then,' Didion remarked recently. I'm sorry I've been thinking about other things.

For many other women without Didion's intellectual range and without her literary privilege, it is still hard to think about much else Assaultive language masquerading as sidewalk compliments can remind any woman of her vulnerability Rape is still a waking nightmare but at least a little daylight has been let in The physical wounding and emotional trauma are now discussed openly America is being educated, more stringent laws and penalties are now in effect and reflect a greater understanding of the crime But feminism, in its widest application, is still a



"FIFT NOTE OUT

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home-front revolution, and it is in the apartment, the tract house and the split-level that its greatest impact has been felt

This is a fact that was more quickly grasped and used by Phyllis Schlafly and her resistance camp than by the feminist insurgents, who were, at first, so busy recruiting for the barricades that they left the main base vulnerable Schlafly however was a good deal more cunning than anyone first thought. She has potentially a strong feminist background a daughter of the Depression, she worked in a munitions plant to put herself through Washington University in St. Louis. Feminists might initially have mistaken her for a kind of grandstanding Betty Crocker but Schlafly and her supporters marshaled all the fear and uncertainty that trails every social revolution, trimmed it and turned it against the opposition. IRA would encourage every thing from tampant homosexuality to unisex bathrooms from women draftees in combat to women victims of some squalid unisex millennium. Cheap and scary, sure, but as they say about

such quibbles in Hollywood Hey it worked

o one took much notice that Schlafly's insistence upon strength through inequality could have been based on a fear and contempt for men at least as deep as say Radical Jeminist Ti-Citace Atkinson's What emerged instead was the image of Phyllis Schlafly as defender of the traditional values defender of the home No matter that all the sociologists and all the statisticians and all the activists said Ozzie and Harriet were gone for good that the conventional nuclear family with Dad bringing home the bacon and Mom cooking it for him and the kids survived in only 28% of American homes. The divoice rate almost doubled in the past decade and the percentage of people living alone rose from 5.3% to 83% Still that family with the bacon is for many Americans not just the ideal family but the American dream itself Schlafly not only defended the home she defended the dream and

her constituency has triumphed for the moment because dreams die hard

But the lasting strength of families is not in tradition, it is in the capacity for change. Few novelists in years have written as well about the ferocious fragility of family love and family life as John Irving. Ihe World According to Garp has a protagonist—no, a hero—who breaks conventional roles as if they were a halfhearted hammer lock, who not only tends the kids while his wife works and keeps the house in order, but actually takes joy in his tasks. Pride Fulfillment. The book was more than a smash. It was a true literary phenomenon, and there are surely very few admirers of Garp who think, as the boys in the barroom still say, that he got his balls basted

Nitpickers will be quick to raise a point TS Garp was a writer and writers work at home What of the millions of other men who have to work away? What happens to the children with both mother and father off on the job? They cannot, as Virginia Woolf observed "run about the streets" The options are limited, and so far imperfect. These days,

what Woolf called 'that deep-seated [male role] desire, not so, much that she shall be inferior as that he shall be superior may have moderated into an awareness that a different equation is wanted I inding and holding the balance, however, requires some acrobatic skill. It also demands flexibility and a good deal of resilience

ABC Newsman Ted Koppel took a year off from a steady job so his wife Grace Anne could finish school. He sustained no visible career damage—indeed his boss gave him a daily three-minute radio program to keep the bills paid—and after his wife graduated he went on to his greatest success as host of ABC News Nightline. On the other hand. Don Demers, industrial engineer in Dayton, took the kids while his wifinished med school, then found after more than two away that he could not find another job. Commented Chi. Arons, president of a Los Angeles employment firm "There isn't a male I know of in an executive position who would accept raising kids as a legitimate excuse for not working for three

years Note the 'not work ing to Mr Arons a one way ticket to the TS Gar Hit-the-Mat Seminar Backyard Barbecue, hele yearly on the grounds of the Hotel New Hampshire

Aton's point, however has a goodly amount of x mediate and unfortunate practicality There are not many executives who can appreciate or allow that the skill say of time mana, ment at home might be ap plied to office management just as there are still very few corporations with personne departments set up to accommodate the needs of the nev work force and the flexible family Other than enlisting the aid of family members day care remains the mos common way to manage the children during work hours Centers all over the country have been damaged by bud get cuts and by some stron, conceptual questions Ed ward Ziglei director of the Bush Center in Child Devel opment and Social Policy a Yale University estimate that 40% of the children d working mothers may be it home day care (that is they are cared for either is

their own home of in the sitter s) while tully another 40% are is "family day care" where a sitter outside the home cares for foul to six children. It is an open issue for children of every age," says Says Psychologist Michael Meverhoff who spent 13 year in the Harvard Preschool Project. If there is any element choice we've been trying to get people to be aware that the they would be doing with their child is more important than a job outside the home. And you don't have to be a woman to be good mother.

I hese doubts about day care can put a crimp in the fa. future and a dent in the budget but they do not, as Schla. might have us believe atomize the American nuclear fami. The quality of the day care and its basing near the job micome a little closer to a workable solution. In Massachus both Wang Laboratories. Inc. and Stride Rite Corp. ha inaugurated model projects with long waiting lists of applican Stride Rite's program also includes the options of den care and psychotherapy. Adjustments made to work scheduli so-called flextime are another component of the



There is still a long road to travel before such leaves become pommon in the US and probably even a more tortuous route theore men as well as women will want to press hard for them that thor Maxine Hong Kingston is right when she says that 'in the feminist movement there are advantages for both seves it is the liberation for both and not one at the expense of the other discretting the majority of men to see those advantages never mind the cize them may take a while Down in the juke joints, the boys are relistening to Merle Haggard sing a time called the the Good and Times Really Over, a litany of wisiful memories from back fourher the country was strong. The song yearns for a time 'when you garl could still cook and still would. I hose boys may not be

able to get a hot meal on the table themselves but they won two bandon without a fight their inalienable right to have it rustled be by the little woman

t will be a losing tight ultimately and it will not take place

3u exclusively in the roadhouses There have already been skirniishes up wein the loftier precincts where with well-turned antique com-Chairment (Dr. Johnson to Bosanvell 'Mon know that women Mare an overmatch for them) Allow sounds more like a neat askay of undercutting a wom-10kn with awe James Thurber, Privited to talk to the graduatheng class of Mount Holyoke vit ollege in 1949 (The idea of **Stiddressing** the flower of ive merican womanhood Ofvould territy me even if I "ould see") declined by in->oking a story about a World TEVar I soldier who peering lolown into a bottomless ene-Phy trench, allowed that I is vouldn't go down there even f they was Fig Newtons

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The cookie does not rumble that way any more he cookies in fact do not adrumble at all This does not hean charm is passe or combinents are sexist, any more han it means that, contrary on all those shoo-fly Schlatteyisms, men and women will he less distinctive, or less less distinctive, or less less distinctive, or less less distinctive at the trame jobs or compete at the usane sports.

Biology is immutable Basic physical differences will not stange but the law will Absolute equality between men and Gomen may be impossible—absolutes are—but it is approach-bable at least, and now just a little closer

Equality does not eradicate differences in gender, it exalts in them, which should be some comfort to covering sexists still slinging to every advantage they have ever wangled or wrung out women. Equality is only a threat if reality is. In the rubble of susted pedestals and shiedded stereotypes are the pieces of a sew perception of the real working workable way of equality, where the pieces of in the real working workable way of equality.

The women usually picked to symbolize change and re-evaluation are those like Gloria Steinem and Jane Fonda, who have chieved a popular success that has turned them into celebrities deinem therefore becomes an articulate and snazzy figurehead, conda a role model whose movie trajectory (from bimbo to femist beacon) mirrors very neatly the way in which women are supposed to see themselves. Watching and listening to them, though, mot as striking by half as tuning in on a single studio audience of

the *Phil Donahue Show* Fifteen years ago these same women might have been sitting in the same seats, whooping it up when the host gave them a pair of nylons a month's supply of Palmolive and dinner for two at Casa Claude Now, encouraged by a host who is a professed feminist, women wrangle with each other over issues like abortion and disarmament, and ask tough questions of guests ranging from Alan Alda and James Watson to transsexual twins and Henry Kissinger, who might have an easier time of it on *Meet the Press* The Donahue show is one striking illustration of women five times a week, finding a voice

I ven the defeat of the LRA means just another redrafting, a further extension of the debate. There is one point on which feminists and most of their foes can now agree there is no going back. The only question is how to define the future and how to cope with the challenges that the changing role of women will present.

In certain subtle ways it might be argued that women may have succeeded too well. Their hopes have been so frequently

, dramatized and debated that they have turned into cliches of fiction before they have become matters of fact. The abundance of persuasive reexamination and the wealth of tine writing that have come from this woman's decade -Anne Tyler and Gail Crodwin Maxine Hong Kingston and Joyce Eliason Ann Beattie and Flizabeth Hardwick and yes Joan Didion - have created a consciousness that is both more aware and a little restless, a little reckless even about mistaking gains for guarantees Critic Janet Maslin summed up the plot of a movie this way. [The heroinel confronts her new situation She redefines her relationship with her children She re-enters the work force and examines her anxieties about men, sex and love She learns that she is as much of a person without a partner as she was with one-perhaps even more of a person That breeziness may just be emblematic of a generally renewed spirit, but somehow one prefers the rejoinder to a persister t cigarette ad printed boldly on a T shut I HAVEN'T COME A LONG WAY,



AND I'M NOT A BABY

IV: A ROOM OF ONE'S OWN

Women have served all these centuries as looking glasses possessing the magic and delicious power of reflecting the figure of man at twice its natural size

These things are not measurable by surveys or shows of hands or random samplings. If they are knowable at all, it is through some almost incidental combination of art and intuition, force of feeling and shock of knowledge. Finally, it all comes to this that women, after years—after centuries—are stepping through Virginia Woolf's looking glass. The measure of all the change and growth of the past decade is that women, finally, are coming out the other side of the mirror. The limit is that they have not shattered the glass. Not yet

And yet —By Jay Cocks. Reported by Anne Constable/Atlanta, Ruth Mehrtens Galvin/Boston and Jaylee C. Simpson/New York

What Killed Equal Rights?

A ten-year struggle teaches American women the art of politics

Equality of rights under the law shall not be denied or abridged by the United States or by any State on account of sex

t sounds simple, just and long overdue But last Wednesday, ten years after it was passed by Congress the proposed Equal Rights Amendment to the Constitution died three states shy of the 38 needed for ratification

The FRA 'is dead for now and forever in this century "said a

joyous Phyllis Schlaffy, the amendment's leading toe at a press conference in Washington There was no conciliatory gesture to ERA backers whom she termed con men and 'vicious people

Schlafly and her supporters celebrated at a balloonfestooned Over-the-Rainbow party where the 1 400 guests pledged allegiance to the flag and listened to some 30 victory speeches Said Conservative Digest Editor John Lofton I salute you fellows for doing to the ERA what Menachem Begin is doing to the PIO And they applauded special service awards giv en to outstanding ERA opponents among them the Rev Jerry Falwell Under Secretary of State James Buckley and Senator Jesse Helms

The amendment's backers marked the day less festively. At rededication rallies around the country they pledged to continue the fight. In Washington's I atayette. Square Eleanor Smeal, president of the National Organization for Women told a crowd of 2 000. 'We are ending this campaign stronger than we began We are a majority. We are determined to play majority politics.

are not going to be reduced again to the ladies' auxiliary. A new ratification effort will begin July 14 when at least 157 Representatives and 46 Senators will reintroduce the amendment to Congress.

ERA supporters vowed vengeance for the amendment's defeat. The National Women's Political Caucus issued a 'dirty dozen' list of state legislators, all male who 'roadblocked the Equal Rights Amendment' More constructively, they pledged to elect women to office in far greater numbers. Said Coucher College Student Anna Maria Halkousis "In America over half the population is female, but we are not the better half and not even the other half. In government, we are still the missing half."

The ratification effort failed despite widespread support More than 450 national organizations, from the AIL-CIO to the YWCA to the American Jewish Committee, endorsed the amendment Polis showed consistently that its passage was fairneed by more than two-thirds of U.S. citizens. Indeed, the idea

of an FRA is hardly new. It was proposed in 1923 by Feminist. Alice Paul founder of the National Woman's Party, and that same year was introduced in Congress, where it languished for decades. The modern campaign began in 1967 when a stubborne Paul then 82 persuaded the National Organization for Women to endoise the amendment. By 1972 partly because of the momentum of the civil rights and antiwar movements and partly, because of adroit political maneuvering particularly by Marthal

Griffiths, then a Democratic Congresswoman from Michia gan the IRA had been passed by Congress A seven-year deadline was set for intification by three-fourths of the state legislatures. By the end of 1972, 22 states had passed the amendment, but others followed much more slowly. As the 1979 cut-off approached the FRA was still three states short of ratifical tion Intense lobbying by amendment advocates persuaded Congress to extend the deadline another three years to June 30, 1982

But the IRA was in serioud trouble By March of 1979 IRA opponents had succeed ed in getting five states -Tennessee Kentucky Idaho Nebraska and South Dakota-to overturn their ratification votes. In December of 1981 in a long-awaited decision US District Court Jud; Marion J. Callister ruled the states have the right to re semd passage of constitutionalamendments Moreover he declared Congress had violated the Constitution by granting the three-year extension of the deadline Ani

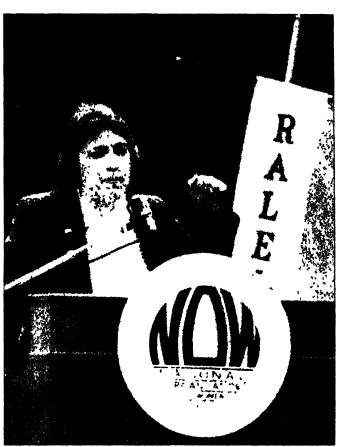
mept in the world of politics

mept in the world of politics

a vigorous FRA Countdown campaign aimed at getting Oklaho
ma North Carolina Missouri Illinois and Florida to pass the
amendment but to no avail. The last state to ratify the FRA was
Indiana in 1977

mendment supporters place heavy blame for the defeat on men. Women are after all still relatively unrepresented in national and local legislatures. Even powerful male politicians who endorsed the amendment seldom gave it high priority. Says Liz Carpenter of I RAmerica. They spenther credit on other issues.

Smeat focuses on the invisible lobby of business that profits from sexual discrimination. She notes that no trade association, no businessman's alliance, no Chamber of Commerce are no National Association of Manufacturers was on the roll & ERA supporters. But her strongest condemnation is of the insulance industry. NOW claims that women unfairly pay more that men for health and disability insurance women have shorter



Eleanor Smeal: blunt, tenacious, but mept in the world of politics

hospital stays than men do and fewer injuries on the job

The American Council of I ife Insurance, a trade group demies that differing rate structures for men and women are ineqpitable. Women do lose less time than men from work due to jobinjuries. But when days lost by illness are included the average woman is away from work 10% more than the average man. Women do have shorter hospital stays, but they also are hospitalized 40% more often. Says Robert Waldron, ACTI spokesman. "We haven t lifted a finger, covertly of in any setting to oppose ERA. Indeed, a great many people in the business support ERA.

Though pto-ERA forces scored impressive successes—mobilizing thousands of people for tallies maneuvering for the deadline extension getting organizations to relocate conventions to ratified states—they also clearly must share in the blame for the amendment's defeat. I eminists relied too much on moral tervor and impassioned thetoric and displayed little of the political savvy needed to wage an effective state-by-state ratification drive. Symbolically perhaps. Smeal showed great tenacity and

faith but revealed little taste or talent for politicians or politics. In the early days activists did not seem to know how to find a precinct list or run a phone bank. Says Elaine Cordon of the Florida legislature. We all tried to tell, them how the process worked and the importance of things like raising money but they didn't believe us. They thought that just being right would be enough.

Advocates often showed a curious blend of naivete and arrogance. There was a failure initially to recruit nonworking and minority women Nonprofessional oink-collai workers left put down Women who had made it economically also elt estranged When it came o lobbying legislators LRA upporters could be appall ngly inept. In Illinois a woman offered a legislator a \$1,000 bribe In Creorgia a itate representative claimed hat he had been proposi ioned in an effort to solicit 118 vote And in I lorida pro-ERA workers banged on loors of legislators' homes at 7 im to hand them literature a tate senator's driveway was painted with pro-I RA slogans, ind the white façade of the

tate capitol was defaced with pro-amendment mortoes In contrast the opposition- the Eagle Forum Fundamenalist Christian churches the Moral Majority the John Birch lociety the Mormon Church the American Farm Bureau- was vell financed and smoothly organized almost from the start While I RA supporters staged national demonstrations foes visitd state legislators to argue that women are already protected by he 14th Amendment which offers equal protection to all perons "They quickly co-opted the fight and mited it down in dire varnings of homosexual marriages and unisex toilets. LRA supporters dismissed the scare talk as irrelevant. But says Emory Iniversity Political Scientist Eleanor Main we should have resented evidence to prove for example, that the privacy act vould preclude unisex totlets. When the battle moved to more ubstantial issues it was again on opponents terms. Foes laimed that the ERA would cede states' rights to the Federal Povernment, cause the death of the family by removing a man s bligation to support his wife and children and lead to women being drafted for combat duty Both feminists and Schlafly believe the draft was the issue most damaging to ERA's chances Says Oklahoma State Senator Marvin York, a strong ERA supporter People were literally led to believe their worst fears

It took FRA advocates until a few months ago to seize the initiative by emphasizing positive issues like pay discrepancies. New radio ads featured a father outraged that his daughter had lost out on a job because she was a female and a woman suffering the economic impact of an inequitable divorce settlement.

Both FRA supporters and opponents have learned some practical lessons which they plan to put to use Ruth Adams originally came to Oklahoma from North Dakota last summer to coordinate the pro-FRA drive but will stay on with her family to work for NOW until after the fall elections. Irene Toepfer on the other hand a member of the anti-FRA Illinois Eagle Forum, plans to use her skills to oppose abortion and sex education in the schools and to lobby for textbook reform.

These are not isolated instances. Thousands of women, politi-

cally awakened in the tenyear struggle have become a potent political force. Savs. Carpenter: A political figure is going to look very laughable if he is antiwoman. This fall there is going to be sexual harassment at the ballot box in a way that men have never known before.

Politicians now speak respectfully of a gender gap between men and women voters. No longer do women follow their fathers husbands or lovers leads on candidates and issues They are making up their own minds and often disagreeing A poll on the Illi nois Governor's race shows that women angered by incumbent Republican James Thompson's lukewarm endorsement of IRA have flocked to his opponent Democrat Adlar E Stevenson III Their support has given Stevenson the edge in a race in which he had been running behind Last week a New York Times CBS News poll revealed that 50% of men but only 41'c of women approve of Reagan's handling of the presidency Presidential Pollster Richard Wirthlin suggests women distrust Reagan's economic



Phyllis Schlafly: adroit, determined, playing to people's worst fears

programs and fear he is too hawkish on foreign policy

Ignoring women politicians of both parties now acknowledge, may ultimately prove a costly mistake. Even the most conservative are now wary Republican Senator Orrin Hatch of Utah who proposes a constitutional amendment to limit abortion, is at pains to indicate he feels deeply about women srights. I opposed the FRA "he says, because I didn't want the federal Government to control all aspects of family life. I don't believe anybody won in this fight. I think women do not have equality. Senator Hatch is up for re-election.

Women in fact are not just coming up ever with men but taking the lead on issues. Says Pollster Patrick Caddell 'It's the women who seem to be staking out the first set of positions, whether it s on quality of life or nuclear power and the men who seem to be moving toward them. If that pattern holds up it could be of enormous political significance. That changes the real dynamics of American politics.

—By Ansatasia Touferia.

Reported by Hays Gorey/Weshington and Jane O'Relly/New York.

A Double Standard for Israel?

Censorship policies bruise relations with US networks

uddenly, during a TV news report on S the Israeli conflict in Lebanon, the screen goes blank White lettering appears on a stark black background "22 seconds deleted by Israeli censors Or footage is left intact, but a legend is superimposed "Cleared by Israeli censors" Night after night during the past couple of weeks, such unfamiliar signs of censors intrusions have punctuated newscasts on ABC, NBC and CBS, usually in stories about suffering by Lebanese civilians in bombed-out Beirut

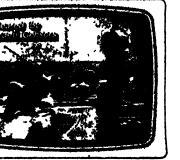
Almost all nations censor reports during war and many do so in peacetime either overtly or through surveillance and obstruction of journalistic enterprise Israel in fact has claimed the right to censor stories on security grounds whether for domestic or foreign audiences, ever since the nation was founded in 1948 But

the sudden visibility of Israeli censorship | sive change from what Israel has always has spurred concern that a generally free nation for the foreign press is becoming a more restrictive one

Some change in policy does appear to have taken place. In the past, censors customarily limited their cuts to demonstrably military and strategic—not political matters. Now some American journalists are beginning to complain that Israeli censorship is sometimes broadened to include politically sensitive reportage particularly on subjects that might affect support for Israel among US audiences

This new phase of high-profile censorship began because of a technical prob lem Soon after Israel launched its invasion of Lebanon last month. Syrian troops barricaded the road leading to Beirut's satellite transmission station. For network news teams beaming footage to New York City, the nearest reliable "uplink" was in Israel at the satellite station in Herzliva Israel agreed to open those facilitieswith strings Censors in Tel Aviv claimed the right to review shots of shattered residential areas and of wounded and dead civilians on the ground that such scenes constituted 'propaganda' for Israel's "primary adversary," the Palestine Liberation Organization

When one network circumvented the censors, Israel cracked down more sternly Israeli officials refused transmission to an ABC interview with PLO Leader Yasser Arafat, in which he claimed that the U.S. would "pay" for the conflict by seeing its relations with Arabs "destroyed "Hours later ABC beamed out the Arafat footage from Herzliva anyway. purportedly as the result of a misunderstanding, and broadcast it on June 21. In response, the Begin government augusty denied ABC the use of its satellite facility and only lifted the ban two days later after ABC filed a letter of "regret" over the incident Despite that apology, the network was unhappy Laments ABC News President Roone Arledge "This is a mas-





Very special editing: how two networks (ABC, left, and CBS) informed their viewers

stood for

On the same day that ABC s interview was aired, NBC showed a censored report on civilian casualties in Lebanon including an innocuous one-sentence comment from Arafat that had won the censor's approval A few days later however, the Is raelis scissored a report by NBC Correspondent Steve Mallory on civilian casualties in Beirut taking out shots of an old woman and three girls but leaving in a wounded Palestinian guerrilla Complains Mallory "The Israelis have tried to dismiss the existence of a civilian population. Every time we tried to show it, they tried to hide it' Says Paul Miller, NBC Bureau Chief in Tel Aviv 'Their censorship was outrageous They cut out anything that might look bad for them" After (BS footage of PLO Leader George Habash was chopped CBS Tel Aviv Bureau Chief Charles Wolfson protested to the city's chief censor Recalls Wolfson "He told me 'You have two choices You either understand or if you don't understand your second choice is to obey '

By contrast, American newspapers re-port few problems with the censors CBS News' President Van Gordon Sauter believes that the apparent disparity in treatment between print and TV is deliberate Says he "There have been some compelling word pieces about the devastation in Beirut, but the Israelis know that words, however eloquent, lack the emotional impact of pictures of people grat bing at stones and clearing rubble to fin a human leg "Another explanation mos print reporters in Beirut can file directl to their newspapers in the US, over stan dard international telex lines, without go ing through Israeli authorities

Even the networks have been able t counter Israel's censors, albeit with dela and at considerable expense Duplicat copies of tapes routinely have been sen overland to Syria or by boat to Cyprus fo satellite transmission Indeed the only evident loser in the controversy has been Israel whose image in the US has surely not been enhanced by censorship label on prime-time TV newscasts Israeli offi cials argue that they are being subjected

to an unfair and incon sistent standard Say Government Press Of fice Director Ze'e Chafets "We let the networks use our facili ties for sending materi al from an entity in a state of war with Israel We did them a favor And they attacked us.1 The Israelis urge comparison with Brit ish information prac tices in the Falklanc was in which foreig

journalists were barred from the tas force and even now are normally exclusi ed from the recaptured islands

Senior executives at all three neworks concede that Israel has a point Says NBC News President Reuven Frank I think we are picking on them Not tha anything we have said is factually wrong but we have left the impression that these are bad people doing bad things to journalists when in fact, they are pretty good Acknowledges ABC 5 Arledge, "It is true there is a double standard. We criticize the Israelis for not allowing us to get some footage of Benut, whereas we do not criticize people who do not allow us to ge stuff out at all. That is because Israel has always proclaimed itself a model of democracy and has been one

(BS Anchorman Dan Rather notes that, ironically Israel would probably have suffered less criticism if it had simply refused to open its transmission facilities from the start (Indeed last week Is rael realized it had stumbled into a no-wir situation and withdrew its transmission services for all foreign bureaus in Beirut)

Sums up (BS's Sauter 'We are subject to far more serious censorship in man' places around the world, but it is often subtle and hard to demonstrate The Ist raelis are direct. When we have to subm to the process that Israel imposes we ow it to our viewers to say so on air ever though for Israel that has a notable negative tive impact ' -By William A. Henry

Reported by Leroy Azrons/Jerusalem

Living

Ah, How Sweet It Is!

"No matter the price, millions need their daily chocolate fix

Dear Ann Landers

I am an otherwise normal (I think!) liyoung married woman except I can t seem vito get enough chocolate I blow the houseakeeping money on Godiva chocolate strawaberry creams I count the minutes till sthe weekly shipment of Teuscher chain-Enagne truffles arrives from Switzerland I Shide Tobler Extra-Bittersweet around the Othouse Hershey's Kisses mean more to me phan Harry s (he s my hubby) Sometimes I tteven dream Harry has been dipped in milk wchocolate When I can t get chocolate I Tisweat and shake Am I an ADDICI' Is Ethere anything I can do?

Choc Nut

wDear Choc Nut of Yes So am I No

he letter is fictitious. So is the answer, ri, although Ann Landers is in fact a chocolate addict. So much so that the collumnist to the loveloin must banish her autash to the next room during working fahours ("I wouldn't darc keep a box at my nelbow) Confesses Landers abjectly 'l warn hooked on chocolate. I crave it, and pnothing else will do

So do millions of other Americans for 'whom the product of the cacao bean is not eso much a feast as a fix. Per capita conosumption of chocolate in the U.S. last year Aswas 9.1 lbs some \$3.4 billion was spent non chocolate products of all kinds. While wAmericans lag behind Austrians Belfigians. Norwegians Germans and the sticague-leading Swiss U.S. consumption of Muxe chocolates (selling for up to \$30 per ich.) is growing steadily from coast to akoast shamelessly fragrant new boutiques With names like Le Chocolat Elegant id Nutty Chocolatier and La Maison de Bon LBon are blooming

The superchocolates they disanlay are silky-smooth confections inssembled from acmic ingreditents hand-picked beans from 3ri Lanka or Venezuela, premium allairy products fresh as well as wirned fruits and nuts Just the cruveial "conching" or blending pro-Vess, of the chocolate can take up do 72 hours a batch vs about nine hior assembly-une chocolates Orofinary bonbons are sprayed with vahocolate, but this thoes are chand-dipped to build an even Jauarter-inch-layer thickness Anwither reason for their high cost is vehat they contain no artificial preulervatives and can be stocked only ian small quantities Of Corne Toiion d'Or chocolates possibly Belblum's finest, Founder Marcel Jo- Chocolate tie

seph Corne says. They are to be bitten gently with the eyes closed 'Perhaps But true chocophiles mostly pursue their passion with eyes and wallets wide open. A sampler

▶ In March and October, a nine-day Chocolate Lover's Tour of Switzerland whisks aficionados around such top chocolatiers as Lindt Suchard Nestle and Tobler Cost \$1 600, chocolates and one cathedral included



Worker packing goodles at Harbor Sweets

▶ Bimonthly Chocolate News published by Milton Zelman and printed on brown chocolate-scented paper, brings some 15 000 subscribers (\$9 95 yearly) all the news of the chocolate world that's fit to eat, including chocolate tobacco and

chocolate chili

▶ A four-day Chocolate Binge Weekend attended by 150 chocophiles list February at Mohonk Mountain House in New Paltz NY (\$183), featured chocolate treats ad nauseam, as well as coun sel by Philadelphia Psychiatrist Roy Fitzgerald and his wife Anthropologist Jennie Keith (sample subject. Does one eat chocolate before or after sex')

► Chocolate The Consuming Passion (Workman, \$4.95 paperback) has sold 140,000 copies by portraying the lighter side of chocaddiction with the animal cartoons and spoofery of bestselling Greeting Card Artist Sandia Boynton A more nourishing volume is Maida Heatter's Book of Great Chocolate



Publisher Zelman bares his heart

Desserts (Knopf \$15) with recipes for such esoterica as sour cherry chocolate torte and French chocolate mint truffles

In stores that cater to chocolate freaks the bounty is endless and bewildering Chocoscenti quibble as they nibble over the respective ments of say Switzerland's Bachmann France's Debauve et Gallais and Belgium's Neuhaus. Some buy the immodest slogan of London's Charbonnel et Walker "probably the best chocolates in the world. Passionate pilgrims trek all the way to 42 Cours Franklin Roosevelt Lyon in central France to sample the exquisite specialites of Bernachon, which are sold nowhere else Fans of Godiva the Belgian firm that was acquired by the Campbell Soup Co and now makes its chocolates in Reading Pa are unbudgeable votaties

Among the most original and highpriced American entries are Harbor Sweets, a million-dollar-a-year enterprise in Salem Mass. The Sweets line features a sailboat-shaped, chocolate-covered almond butter crunch with pecan spindrift washing her sides It takes a trip to Long Grove III, plus \$85 to get Long Grove confectionery to whip up a 15-lb chocolate gorilla. All-chocolate molded T shirts ties and female torsos are avail-

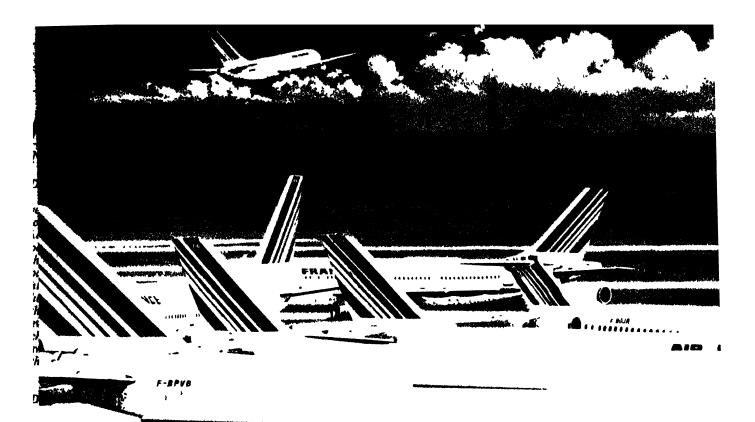
able just about anywhere

I he yearning for chocolate is obviously more complex and deep-seated than say, a yen for jelly beans Says Tom Cottle Boston psychologist and self-styled 'Hershey emeritus 'The enjoyment of chocolate is a combination of childhood memories and adult pleasures. It may not be related to self-indulgence at all As Anthropologist Keith argues "Throughout history, giving someone something to eat has been a strategy of control Chocolate is magic Now when you give chocolate to someone, you want that someone in your power 'If so, quite clearly the US and the USSR should beat their nuclear warheads into chocolate bars. May Switzerland rule the world! -- By Michael Domarest. Reported by Frances Florino/New York and Laura Meyers/Los Angeles





Gold – in memory of the days when man still went to the moon.





The New Air France Express Terminal in Paris is good news for TIME travelers.

Paris Charles de Gaulle Terminal 2, the new Express Terminal for Air France in Paris, is built for speed—on the ground—Distances between planes and the exits are just 70 metres—among the shortest in the world Baggage handling has been expedited by new circuitry—And because minimum connecting time petween flights is only 45 minutes—Paris Charles de Baulle Terminal 2 helps make Paris the ideal gate-way for 161 cities around the world

Why is this of particular importance to TIME

readers? Because flying for business and pleasure is so much a part of their lifestyle

Atlas, the in flight magazine for Air France, recently conducted an on-board survey of passengers to discover which magazines they read regularly The result TIME Magazine was preferred to all international and even national magazines

Very clearly Air France advertising in TIME Magazine is expressly to the point

TIMEFor multinational marketing.

It was billed by the Rev Sun Myung Moon, who seems to he guided by the Crospel according to Guinness as the largest mass marriage in history A total of 4 150 members of the Unitication Church were united in 2 075 marriages performed at Madison Square Gaiden Moon something of a spiritual Dolly Levi to his flock personally matched up | the couples-many had met for the first time only days before-- and some of different nationalities were able to converse with their new mates only through interpreters. The newlyweds will now return home until Moon gives the go-ahead for them to move in with each other and consummate their nuptials possibly ! not before 40 days

The sweeping saga of unicquited love in the Outback was a considered by some to be the Australian Gone With the Hind and for the filmed version yet another fair Linglishwoman walked off with the lead Rachel Ward, 24 (Dead Men Don't Wear Plaid) is cast as Meggie in The Thorn Birds a nine-hour ABC-IV novel for television based on Colleen McCullough's 1977 bestseller Richard Chamberlain, 47 plays Meggie's paramour Man of the Cioth Ralph de Bricassait Jean Simmons, 53 has the role of her mother Fee and Barbara Stanwyck, 74 is cast as her Aunt Mary Carson Only one



Moon, right, presiding over a mass wedding of 4,150 of his followers at Madison Square Garden

major part that of Meggie's husband Luke is being played by an Australian Bryan Brown (Breaker Morant) Brown may have his Down Under accent down pat but the rest will have to fake it Rachel who was raised on an Oxfordshire farm hopes a mid-Atlantic cadence will carry her through Besides says she Americans can't tell the difference between Australian and Linglish accents anyway. Cheeky lass ain't she'

He was a 6-ft 8in giant whose ability to whip a ball 98 m p h had given him a 107-71 career mark a 3-15 earned run average and 1-493 strikeouts in 1-606 innings. After

Richard back on the mound

more than nine seasons. Houston Astros Pitcher J.R Richard was the best righthander in baseball. Then he was felled by a stroke in July 1980. Now 32. Richard after months of therapy and workouts is making a comeback. Last week a standing ovation greeted him as he ambled to the mound at tiny City Island Park in Florida to start his first game since the stroke His team the Daytona Beach Astros a Houston Class A farm club Richard had a rocky beginning, allowing the i St Petersburg Cardinals two 1 earned runs and three hits in the first inning Then he set-

tled down retiring nine of the next eleven batters and throwing three shutout innings. "I took a lot of hard work to get there and its going to take a lor more hard work to get backing the majors he says. It like learning how to pite again I m starting all over

Abbie Hoffman, 45 is a convicted cocaine peddier on pa role Jerry Rubin, 43 a forme Wall Street stockbroker not runs seminars for busines people Rennie Davis, 42, be came an insurance salesmar Bobby Seale, 45 is researching a cookbook on barbecuing and Tom Hayden, 41 mairied t a movie actiess is running for the California state assembly If there was any doubt as t the demise of the tumultuou era that the Chicago Seve (plus Seale) symbolized on further career note settles is Judge Julius Hoffman, the right teous ringmaster of the Seven celebrated 1969 courtroom cu cus is being ictired Relud tantly mind you He has bee a senior judge with a lightend load for the past ten years be now his fellow benchmember have decided that Hoffmar who will turn 87 this weel should be in court termino; ogy taken off the wheel Hoffman insists | There's bee no change officially. As fa as I m concerned I am still senior judge. True enougl savs Perry Moses chief deput clerk of the northern district Illinois The only thing is H gets no new cases

-- By E Graydon Cart



Simmons, Ward, Chamberlain and Stanwyck preening for Thorn Birds

Sport

COVER STORY

To Win in Madrid

Fun, football and financial chaos at the biggest, most surprising World Cup

rgentina came out smoking Time and again the reigning world champions attacked the Brazilian goal fighting to survive in a tournament they dominated just four years ago. But time and again they were repulsed Shots would go wide Brilliant slashing runs would suddenly end with a defender magically stripping the ball away Then Brazil would launch its counterattack fluid lightning fast graceful as the samba rhythms pulsating through the stands. Now Zico snakes his way to the top of the penalty area and lays a perfectly timed pass to Falcao who has somehow broken free on the right wing Stunned the Argentine defenders shift toward the ball and Falcão lofts it almost lazily to Sei ginho on the opposite side Score'

Freeze that moment. Place it carefully alongside those memories of Bjorn Borg and John McI nroe at Wimbledon Muhammad Ali and Joe Frazier at the Thrilla in Manila. For whatever the outcome of next Sunday's final match. Brazil's 3-1 victory over Argentina last week can stand as a monument to the 1982 World Cup tournament Temporarily, one could ignore the squabbles and half-empty stadiums that have marred Mundial 82 One could even forget that the match degenerated badly in its closing moments. The name of the game is soccer, and for perhaps 85 min last week it was played at the summit

And the stadium erupts in a sea of green-and-yellow flags and joyous

cries of Brazil' Brazil'

It was just the sort of vindication these World Cup championships needed When the Mundial opened three weeks ago with 24 teams dispersed over 13 Spanish cities it seemed dangerously vulnerable to Joan Miró's official poster for Mundial '82 mindless jingoism and extremist politics. As things turned out, the show went on often with honors always as scheduled. No one withdrew because of the fighting in the Falkland Islands or the Middle East. An expected wave of Basque terrorism failed to materialize. Despite some probably inevitable easily containable brawling Spain's cities were not laid waste by Britain's infamous hordes of soc-

The political tension came mainly from a source most Westerners found sympathetic Poland By last weekend

Spanish authorities had received 25 requests for asylum from Poles ostensibly in the country to watch the World Cup. According to one estimate only 100 of the 600 Poles expected for the tournament actually arrived in Spain. The rest detected en route. Meanwhile, avid Polish exiles tervently supporting their national team sought to make each match a political demonstration against the military government in Warsaw and the stage seemed set for an emotional politically supercharged confrontation with the Soviet team this past Sunday



The tournament started on the upbeat on June 13 when an estimated 1.5 billion people - one-third of the human race and the largest television audience in histo-13 witched underdog Belgium shock Argentina 1-0 Ever since the single opening game was instituted back in 1966 five World Cups ago it had ended scoreless This year however Belgian Forward Erwin Vandenbergh changed all that Taking a pass from Teammate Alex Czerniatynski in the second half, Vandenbergh slithered past the Argentine de-

fense and laced a shot through the outstretched hands of Goalkeeper Uhaldo I illol. The defending champs were beaten Adios tradition- and adios predictability in the first round of this twelfth quadrennial World Cup tournament

In quick succession most of soccer's established powers ran head-on into a number of upstart newcomers. Mighty West Germany was humiliated 2-1 by lowly Algeria a 2 000-to-1 shot according to the morning line at London betting Cameroon - Cameroon - held Poland and Peru to scoreless deadlocks

Liny Kuwait (200 to 1) held its own against a heavily favored Czechoslovakia in a 1-1 draw. The early surprises seemed to vindicate the Federation Internationale de Loot ball Association (FILX) the sport's Swiss-based ruling body, which had this year expanded the number of first-round teams from 16 to 24. The lesser sides critics charged had no place among soccer's elite. Then the upsets began making headlines and the carping largely ceased

The traditional powers quickly reasserted themselves. West Germany rolled over Chile 4-1 Austria beat Algeria France defeated Kuwait. In fact, the only underdog to advance to the second round of play was a gritty Northern Ireland side that had entered the tournament as a 150-to-1 long shot. The way Algeria was eliminated however raised charges of fraud and produced Mundial 82 s biggest controversy so far

In the early rounds of World Cup play, defeat does not necessarily mean elimination. Indeed the determining factor is frequently the difference between goals scored and goals allowed in a given round. That was the case in the group containing Algeria West Germany and Austria Two of the three teams would ad-

vance to the second round, the outcome depending on the West Germany-Austria match. Algeria could survive only if the West Germans lost or if they defeated Austria by a wide margin. In the event neither happened West Germany scored 11 min into the match and anything resembling aggressive soccer abruptly ceased For the temaining 79 min the two teams essentially played catch to the

*Pist winners Uruguay 1930 and 1950 Italy 1934 and 1938 Germany 1954 and 1974 Brazil 1958 1962 and 1970 England 1966 and Argentina 1978



Soccer at the summit England defends as France attacks during a crucial first-round match at Bilbao

England's Terry Butcher maneuvers through a crowd of Czech defenders

Brazil's brilliant midfielder Socrates





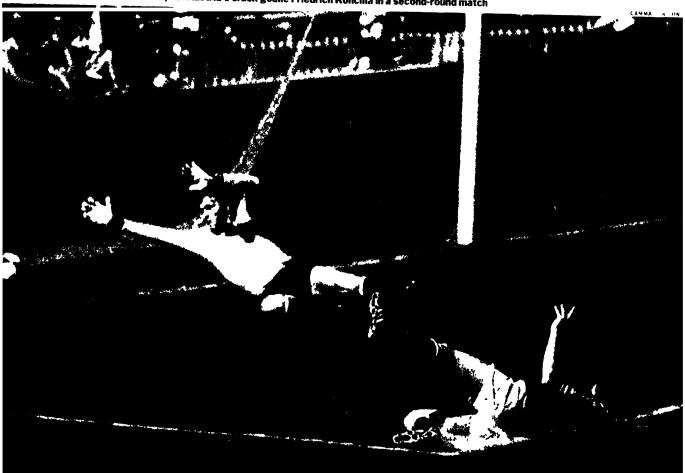




\alpha bit of the action in England's 3-1 victory over France

Polish Ace Zbigniew Boniek against Cameroon

'rance's Gérard Soler drills the ball past Austria's crack goalle Friedrich Koncilia in a second-round match





Surprises from a gaggle of upstart newcomers: Kuwait's Abdul-Aziz Al-Anbari in battle against two agile French defenders

Argentina's sensational Diego Maradona

Alexandr Chivadze of the U.S.S.R. against New Zealand

Britain's Bryan Robson celebrates a









rming the dove of peace at the opening ceremonies



First-day balloons float over Barcelona's Nou Camp stadium



tish fans urge on the home side mbas and soccer: a rooter from Brazil



Before the fall, a Kuwaiti shows his colors



Scotsmen in tartans cheer on their lads





Poland and politics a sporting plug for Solidarity

344

Sport

obvious disgust of the c d with the different with ed the players by chanting the name of the game's real loser Al-ge-11-a Al-ge-11-a

The reaction was swift and deafening Algerian Football Federation President Ben Alı Sekkel called the match a parody 'and demanded that both West Germany and Austria be disqualified. He further accused the Scottish referee of compliance in a sinister plot claiming that the official could have ordered the two teams to play more aggressively. Hermann Neuberger Germany's representative to FIFA countered that his boys had every right to play with prudence and security Other teams have already done the same in this Cup Not all of Neuberger's countrymen agreed. In fact, the match was too much for Alexander Klumper 48 a police officer in Oldenburg a town near Bremen Tast week Klumper filed suit in a local court charging that the German team had done him bodily haim (the second half made him nauseated) and insulted and damaged the I ederal Republic

he first found left sears on other national psyches as well. Perus team returned home to public disgrace and scandal when it was alleged that several of its players had had sex the night before a 5-1 drubbing by Poland. Their nocturnal exertions outraged critics charged had weakened them they were no match for the presumably abstemious Poles. The Kuwait Lootball Association and its head. Sheik Lahad Al-Amed Al-Jabar Al-Sabah were fined roughly \$12,000 by 111A after Lahad charged out onto the field to protest a disputed goal in a game with I rance. The Kuwaitis, who have built a respectable soccer program in less than a decade were eliminated anyw. v

Perhaps the most disappointed fans were those of the host country. Spaniards had looked forward for years to Mundial 82 anticipating it as both an injection of international prestige and an opportunity to bag their first World Cup (Five of the eleven previous Cup tournaments have been won by the host team) Instead Spanish fans have looked on in pain as their mediocre national side barely scraped through the mist round on the strength of officiating that might best be described as simpatico. The team beat Yugoslavia (2-1) and tied Honduras (1-1) mainly because of controversial penalty calls. The Spaniards lost to the surprising Northern Irelanders despite being one man up through most of the second half "I hope your team wins the Cup said a disgusted waiter in Madrid to a table of visiting foreigners. Our team certainly doesn't descrive to

As the second found opened last week, the controversies seemed to recede and the quality of the soccer jumped dramatically. Poland quickly established its bona fides by frouncing Belgium 3-0 on a hat trick by Midfielder Zbigniew Boniek. I rance fielding its best squad since 1958.

topped Austria 1-0 Argentina confirmed its fall from greatness by losing 2-1 to a tough defense-minded Italian team. England and West Germany played to a wary respectful draw at nil. Then the field began to narrow rapidly. Northern Ireland once again showed its stuff coming from behind to force a 2-2 draw that eliminated Austria. The awesome Brazilians rolled over Argentina. The tough, methodical Soviets disposed of Belgium. 1-0

By week's end the makeup of the semifinal matches and ultimately the July 11 final depended on the results of four potentially dramatic confrontations scheduled for early this week. The outlook

▶ Poland we the Soviet Union Poland held the edge in this most cagerly awaited of matches by virtue of more secondsemifinals If England and Germany are deadlocked in total points, the winner of the division will be decided by lottery

As they had from the beginning oddsmakers were betting on a Brazil-West Germany final next Sunday But there were very few sure things in this 'Mundial des surprises as the French dubbed it West Germany in fact was one of the tournament's major surprises. I ed by the brilliant forward Karl-Heinz Rummenigge who scored three goals against Chile the Cremans were supposed to be a powethouse With their star nursing a pulled muscle since the early rounds however, their play has been lackluster, leading Brazil's legendary Pele in a syndicated soccer column to dismiss them as 'Rummenigge and ten robots

Argentina likewise fell short of its ad-



Brazil's Zico, center, firing the ball past Argentine Goalkeeper Fillol

round goals. A close call but a draw would send the Poles into the next round.

Brazil vs. Italy. A classic matchup boxer against slugger great attacking finesse against brute defensive strength. Brazil's gifted superstars were expected to prevail against Italy's tough man-for-man marking. Brazil held the edge on goals.

▶ France vs Northern Ireland France which needed only to draw was the prematch favorite but no one underestimated the luck—or the tenacity—of the Irish ▶ England vs Spain The strong English side was expected to have little trouble against the Spainards but victory did not necessarily guarantee survival West Ciermany defeated Spain last week 2-1 England would have to do better to gain the

vance billing. Almost no one expected the Argentines to retain the World Cup Still they were given an outside chance because of the presence of Diego Maradona, 21 who was widely touted as the finest player in cleats. Mai idona however was effectively stifled throughout the tournament. His finest hour came in a two-goal effort against Hungary. His least memorable moment came near the end of last weeks match with Brazil when he kicked a Brazilian player in the groin in apparent retaliation, for an earlier foul. He was ejected from the game.

Brazil by contrast was peerless. Deep with talent at every position, the Brazilians gave what amounted to a three-week clinic in creative, fice-flowing, attacking

Sport

soccer Led by Physician-turned-Midfielder Socrates B. Oliveira. Zico. Eder Junior Falcão or anyone else who happened to fit the flow of a game it was clearly the country's best side since Pele and the thunderous 1970 squad. Its goals seemed to come in bunches off passing combinations so dazzling that they inspired repeated oles from appreciative crowds. Playing Brazil was like playing in the 21st century said New Zealand Coach John Adshead after a 40 drubbing Ichoed Andy Roxburgh head of the Scottish Soccer Association after watching his team fall 4.1. Give our lads a paintbrush and they Il go to work on the back fence. Hand one to a Brazilian, and he ll make like I conaido

No one enjoyed the Brazilians artistry more than their adoring compatriots casily the most numerous and most beguiling of the foreign visitors to Mundial 82 As their team rolled up its string of victories every game day became a mini-(arnaval Samba bands played outside the stadiums and marched through the streets. Drums banged out a steady samba beat through each 90-min game During the Argentine match a large balloon bobbed above the crowd with a sign urging everyone to Venga al Brasil (Come to Brazil) and the irrepressible spirit of fun made it seem like a good idea. 'The Brazilian approach Ito the gamel is unparalleled. Pele declared in his column. It is musical galvanizing joyful and not at all violent

Sadly the same was not true of fans from other countries. Britain's ragtag army of soccer hooligans descended 20 000 strong on Bilbao where I rigland's first-round matches were held to find hundreds of Spanish riot police patrolling the streets with dogs crowd-control weapons, and armored personnel carriers.

These here cops are wankers—slurred one young Briton—Our boys II have emright on 'I or the most part Spanish authorities kept the lid on Bilbao although nightly drunken brawls kept police and hospital emergency rooms busy

The violence continued when the secand found opened in Madrid. There the invading Anglos were met by right-wing Spanish thugs bent apparently on avenging for Argentina the recent Falklands war. A group of Spaniards attacked a car full of sleeping Britons who apparently gave as good as they got. One Spaniard lost an eve in the skirmish and one Englishman received severe head injuries. The next evening another gang of Spaniards attacked fansemerging from the England West Germany match Madrid hospitals reported several dozen casualties, mostly cuts and bruises, but one British youth was stabbed in the heart. At week send he was recovering satisfactorily after surgery

ost Spaniards watched the Mundial on television leaving an average of 20 000 seats empty a result organizers found disappointing but logical. A match between England and Germany is going to draw more people than a match between Cameroon and Kuwait explained Joao Havelange 1114's president. You are not going to fill the whole stadium for every game Still it appears that many seats went empty through simple inefficiency. Last week for instance some 12 000 tickets to the England West Germany match reportedly went on sale to the general public just one hour before kickoff long after all but the most incurable optimists were resigned to watching the match on television

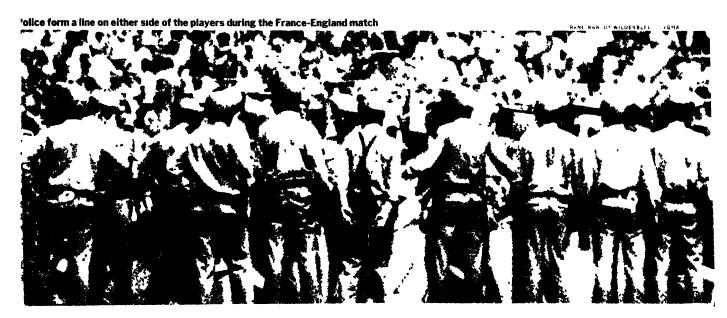
Much of the criticism for such lapses has been directed toward Mundicspaña a consortium of Spanish hotels and travel agencies formed to market the Mundial around the world. As part of its original campaign. Mundiespaña bought up half of the 26 million match tickets available for the tournament to include them in its package tours. The packages did not sell as well as expected, however, and according to Mundiespaña's general director Julio Abreu, many buyers decided to skip matches for which they had been obliged to buy tickets. Whatever, the explana-

tions the results were empty seats, a minor league image for Spain and a chorus of recriminations. Last week the opposition Socialist Party even made a motion in the Cortes calling on the Royal Spanish Organizing Committee as well as Mundiespaña to submit reports on their activities.

The biggest fear is that the world's premier sporting event which after all, is supposed to bring prestige and affluence to its host may cost Spain more than expected and claim other financial victims. As of last week attendance at the Mundial was an estimated 400 000 only 60% of the throng that organizers had hoped to attract. The sparse crowds at the early games could translate into heavy losses and outright ruin for some travel agencies and small businesses connected with the event Havelange predicts however that FIIA will bring in record revenues of \$50 million more than twice as much as Argentina made four years ago. Abreu claims that even Mundiespaña will turn a smailprofit but he has also drastically scaled down the group's targets. Says he We will not go bankrupt

No doubt many many Spaniards would like the Mundial to go away. And so it will leaving behind a few sears and lingering memories of great football. Next stop Colombia in 1986 a prospect that raises knowledgeable evebrows. Can that tiny coffee and cocaine republic possibly contain an event of such magnitude? As this year's championship hurtled toward its climax representatives from Colombia began appearing around Spain assuring anyone who would listen that their country would be ready. But there were also rumors of another upstart stalking the smoke-filled rooms. According to at least one unconfirmed report a well-known soccer fan named Henry Kissinger -whose national team finished dead last in its zone was trying to land the next Mundial for the US By John Nielsen.

Reported by Sandra Burton/Barcelona and Jane Walker/Madrid



Wimbledon Under the Weather

"This is an accepted part of the English masochistic life"

The Port Stanley spirit, formerly known as the Dunkirk spirit reigned and reigned throughout the Wimbledon fortnight During a brief tennis spell between showers in the first week. Fed Tinling, a designer of tennis dresses and an original himself, said "When Virginia Wade ['Our Ginny'] played Jo Durie the other evening, it was the ultimate English thesta. The spectators suffered all day, soaked to the skin Suddenly the sun came out for ten seconds. They all opened their picnic baskets and exclaimed, 'Isn t this wonderful'. This is an accepted part of the English massochistic life'.

A tall pointy-headed, bald septuagenarian with a diamond in one car Tinling presided as the Wimbledon master of ceremonies until 1949 when he was banished for sewing lace on Gussie Moran's panties Since then he has gone from troublemaker to troubleshooter chief of player liaison. I shoot trouble all day Tinling said cheerfully Each long, morning he telephoned John McEnioe to see if there was anything he could do Besides successfully negotiating the release of last year's trophies from the still smarting All England Club there was nothing. They're nice trophies' mumbled McL nroe

of the world with its incompetent fools and disgraces to mankind was upstaged by war weather World Cup and wagering whether the royal baby would be named Prince William or Prince Graphite -- after the rug beater of an oversize tennis racquet that seemed to have taken over Wimbledon 'I'm trying to laugh things off a little more' McEnroe said. During some matches, he did mutter the word moronic and there was one umpire's warning for abuse of ball But, as he said, 'for me I was relaxed I never want to go through last year again I m planning on enjoying my tennis career at some point

In the absence of controversy and Bjoin Borg, a capacity for enjoyment was a theme of The Championships, as everyone awaited the stirring final that customarily pulls Wimbledon through all heavy weather in the end Burned out for a while at 26, then burned up at having to qualify for a tournament he has won five times, Borg went fishing this year instead While the weather and the tube strike were presumed to be the main reasons attendance was off considerably, some Londoners must have felt deprived of a third annual Borg-McEnroe final, their favorite Punch and Judy show

Of other no-shows, Argentina's Guillermo Vilas and Jose Luis Clerc were political casualties, and Czechoslovak Stoic Ivan Lendl, a clay court enthusiast, who seemed this year to be on the verge of dominating the sport, stayed away be-

cause of either an allergy of an aversion to grass. In three Wimbledon tries, Lendl fell in the first round twice, including last year, and once lost in the third found.

Most of the remaining players loved being back in church, and many said so unabashedly Centre Court is not much to look at sort of a minor-league Fenway Park, dark green and full of splinters, but some people imagine stained-glass windows 1 enjoyed even losing' said Evonne Goolagong Cawley who 'hap pened to win Wimbledon in 1971 at the age of 19 and 'thought nothing of it' But she was blessed to repeat two years

roically, she lasted to the semifinals.

Jimmy Connors, bearing down on 30, was thinking of more than winning, savoring a big chance and leaving it to others to reckon how much remains of the skill that brought him the 1974 championship "It never slips away until it's gone," said Connors, a former wise guy gaining in wisdom

During the incessant pulling on and; off of the "covers' (tarpaulins). British journalists and other kinds adjourned to a convenient bar Invariably, the conversation wound its way to tradition "Americans seem even fonder of tradition than we are," said Laurie Pignon of the Dally Mail, "one supposes because they have so bloody little of it. But they have the best winners in tennis, and we have the best, losers in the world and tradition will al-



McEnroe scoops up his racquets and dashes for cover during one of the many rain delays
'I m trying to laugh things off more I never want to go through last year again

ago "I could appreciate it then actually enjoy it, 'she said. During my pregnancies, I did all the things I d missed out on Now I treasure playing tennis and being excited at Wimbledon.' With a pretty smile she took her leave in the second round this year.

Billie Jean King stayed longer After her record 100th Wimbledon singles match had been played and won on an outer court, King repaired to her spiritual home. Centre Court fought off three match points against Tanya Harford and threatened to stay forever 'When you think of 100 matches' King said, not to mention six singles championships, 20 Wimbledon titles in all 22 years at the task, "it makes you feel tired But I'm not tired I m all excited She is 38 "I'll still be thinking of winning Wimbledon when I'm 100" He-

It is said that the first real downpouring rains came to Wimbledon in 1968 with the professionals and prior to that there was a sunny expression, "Wimbledon weather meaning calm cloudless days. On D-day in June 1944, as he pushed off with the invasion forces in a fierce howling squall, Finling can remember saying. Thank heaven we don't have a Wimbledon this year, and thinking that was lucky —By Tom Callahard.

Economy & Business-

Bechtel's Master Builders

A secretive construction giant enters the limelight

he California-based engineering and construction firm from which Secretary of State-designate George Shultz resigned as president two weeks ago is one of the true anomalies of American business, a globe-girdling behemoth that operates throughout the US and 20 foreign countries, but a company so private and unobtrusive in its ways that most people have never even heard of it Yet the privately owned and operated Bechtel Group Inc of San Francisco (1981 billings \$114 billion) has probably done Chairman Stephen Jr. more to transform the land-

scape of America and the world than any other company this century Bechtel's master builders have helped to design and construct everything from the Hoover Dam and the San Francisco-Oakland Bay Bridge to the trans-Alaska pipeline and the Washington subway system

As a private, family-run corporation, Bechtel has maintained a cloak of secrecy rivaled only by modern-day monarchies Still, some new insights about this produ gious builder are almost certain to emerge during Shultz's Senate confirmation hearings later this month. Most of the attention is expected to focus on Bechtel's long-



standing ties to the Middle East, especially Saudi Arabia which helped the company to land the job of construction manager on the Saudis' gargantuan Jubail development project

To help nurture its friendships both in the US and abroad, Bechtel over the years has benefited from the aid of a stunning array of officials and advisers with excellent Government contacts. At one time or another, these have included John McCone former chairman of the Atomic Energy Commission and later head of the CIA under John Kennedy and Lyndon Johnson Parker

Hart former Ambassador to Saudi Arabia and Charls Walker, Deputy Secretary of the Treasury under Richard Nixon Today two powerful members of the Reagan Administration are former top Bechtel officers Defense Secretary Caspar Weinberger and Deputy Secretary of Energy W Kenneth Davis

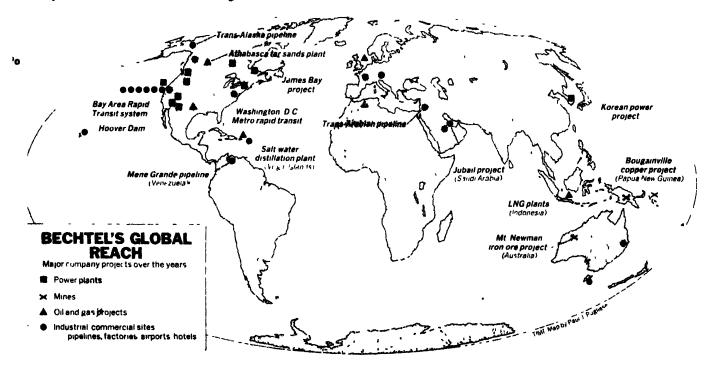
Often Bechtel's blue-ribbon executives are in a position to provide insights and spot opportunities that give the company a jump on its competitors. For example, last week Company Chairman Stephen Bechtel Jr recalled that ex-CIA Chief Richard Helms, a Bechtel consultant, was able to help it head off potential losses in Iran in the late 1970s

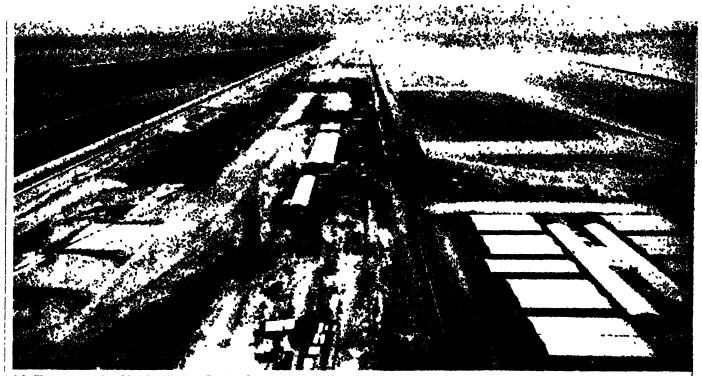
Despite its reputation for finishing complex jobs on time and under budget, Bechtel has occasionally stumbled Some employees were publicly involved in a bribery scheme ten of twelve years ago over the construction of a New Jersey pipeline The firm was further embarrassed in 1977 when it installed a 420-ton nuclear-reactor vessel backwards at a San Onofre Calif power plant

Bechtel began life virtually as a oneman operation, when a young German rancher named Warren A Bechtel decided in 1898 to hire himself out with his mules to help construct a railroad line through Indian territory. The company established its name nationally in 1931 by helping to lead the eight-company consortium that built the Hoover Dam

Warren Bechtel's son Stephen Sr prospered during World War II by building Liberty ships. At war's end. Bechtel expanded his company's pipeline work and moved into oil refineries and later into nuclear plants. In 1960 Bechtel handed control of the firm over to his only son Steve Ir who holds the titles of chairman and chief executive officer and last week took back the title of president as well after Shultz's resignation

As the business has grown the Bechtels have become one of the world's





Juball's quarter-mile-wide, six-mile-long Persian Gulf causeway, which will eventually provide berths for 18 ocean-going cargo ships

wealthiest families Steve Sr now 81, is said to be worth upwards of \$750 million while Steve Ji 57 has a personal fortune estimated to exceed \$200 million

Last week Steve Jr tried to belittle his firm's easy access to world leaders. Said he after returning from a fishing trip to the trout streams of Alaska. I only feel it is appropriate to see leaders when there is business to conduct and it is worth their time. Characteristically, he merely mentioned in passing a new project rather simple by Bechtel standards, that the company had just announced the construction of a \$100 million company office building in downtown Oakland, Calif

As big as the Alaskan pipeline and Hoover Dam are nothing that Bechtel has ever helped build can compare with the Jubail project Some 324 miles northeast of the Saudi Arabian capital of Riyadh, on desolate salt flats washed by the Persian Gulf and baked in 100-plus temperatures for much of the year, a whole new ultramodern city is emerging When completed in 15 years, this megastructure will cover an area as large as Greatei London and contain a population as numerous as that of Minneapolis

In all the expansive sweep of civil engineering, from the pyramids of the Nile to the construction of the Panama Canal, nothing so huge, or costly, as Jubail has ever before been attempted by anyone Says Saudi Arabian Finance Minister Mohammed Ali Abdul Khail, whose government has already spent \$35 billion on Jubail and its smaller sister project Yanbu, and plans to spend upwards of \$100 billion more in years to come "We simply cannot exaggerate what is going on out here" Jubail is, in brief, a project of moon-landing proportions, one that in the very grandour and scope of its conception

suggests a 20th century version of the opening of the American West

The search for historical comparisons with Jubail is daunting According to the Greek historian Herodotus, 100 000 laborers struggled for 20 years to construct the Pyramid of Khufu, one of the seven wonders of the ancient world Yet merely to level and grade Jubail's 66-sq-mi industrial park, a sector that comprises less than 15% of the entire city, engineers have had to shovel up and haul off 370 million cubic meters of sand—enough to fill the Khufu Pyramid 160 times over If the landfill were used to construct a two-lane road, it would more than girdle the earth at the equator

ubail and Yanbu which is under construction 700 miles to the southwest on the Red Sea represent an Ozymandian-scale hedge by Saudi Arabia against the eventual depletion in 65 years of its 165 billion bbl of proven crude oil reserves. The cities replete with petrochemical complexes refineries, a steel mill and smaller secondary industries by the dozen, will be counted on to help keep the Saudi economy vibrant and the country's small but rapidly growing population employed and enjoying a rising living standard far into the 21st century

Overseeing the execution of this mind-stretching enterprise in Jubail are some 1,600 Bechtel architects, civil and mechanical engineers, draftsmen and project managers. Not only must they supervise the performance of 274 prime contractors and more than 500 smaller contractors for everything from kitchen cabinets to multimegawatt electric generators, but they also must manage a multilingual work force of 41,000 laborers from 39 countries.

In their short-sleeved shirts and wide ties toting clipboards and pocket calcula! tors the Bechtel brigade seems the veri can-do embodiment of American technor logical know-how. Its members also occasi sionally demonstrate a flair for improvide sation that would do a World War Li Navy Seabee proud Lather this year 256 newly assembled Jubail modular housing units stood empty in the desert because some necessary plumbing fittings were missing Two Bechtel employees prompti ly boarded a plane, flew 13 000 miles round trip to the US and back and rel turned carrying several containers of faucets nuts and washers as excess baggage

Bechtel's connection with the Saudi goes back more than 30 years. Stepher Bechtel Sr became friends with the late King Ibn Saud during the 1940s when the company worked on an oil refinery if Bahrain From that early association a long-lasting—and profitable—Saud friendship flowered. In 1948 a team of Bechtel engineers mobilized an army of 5 000 local laborers to build the greater part of the 1 068-mile-long Trans-Arabia an pipeline. Bechtel's swift execution of the mammoth job as well as its skillful handling of local labor added enormously to the firm's Middle Fast reputation.

More recently Bechtel designed the master plan for the king Khalid International Airport in Riyadh, then won the assignment to manage the construction Now nearing completion, the airport will be finished on time and within the expected budget of \$1.2 billion. By comparison the King Abdulaziz International Airpor at Jidda built by the rival California firm of Parsons Corp., ran far over budget because of design changes before finally being completed last year at a cost of more than \$4.5 billion.

Economy & Business



Worker housing at the construction site: 1,600 California engineers and a labor force of 41,000 workers from 39 countries

The origins of the Jubail project go back to a 1973 meeting at the Bechtelbuilt Geneva Intercontinental Hotel between Stephen Sr, then in his 70s, and Saudi King Faisal, the son of Ibn Saudi Bechtel listened as the King complained that \$1 billion worth of natural gas had to be burned every year in Saudi Arabia's silfields because there was no way the gas sould be cheaply used as fuel

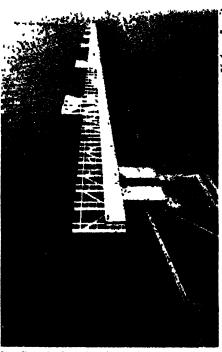
Bechtel proposed an audacious solution, assemble a complex of automated petrochemical plants near the oilfields to process and use the wasted gases. The fuel could be used not only to provide raw material for the development of a new petrochemical industry, but also supply the snergy to process and manufacture products ranging from plastics and fertilizers to steel and aluminum. The King agreed The Bechtel firm produced a master plan for the project, and in 1976 was chosen as construction manager.

Even for a company of Bechtel's resources, experience and depth. Jubail represented a staggering undertaking. When the site for the new city was officially dedscated in October 1977 by King Khalid who had ascended to the Saudi throne on the death of his half-brother Faisal two years earlier, there was little at Jubail but scrub, sand and the nearby fishing village of Al Jubail seven miles to the south on the Persian Gulf Within twelve months. enough trailers to house 13,000 workers had been plopped onto the sandscape A 13,000-ft runway capable of receiving the largest wide-body aircraft was built from scratch in less than a year By 1980, 5 million gal of fresh water daily were flowing ashore from a Japanese-built desalination plant that rose six stories above he warm Persian Gulf waters

Today, the desert terrain is animated by Caterpillar tractors, huge construction trans hovering over the metal skeletons of warehouses and the rising silhouettes of



A marina with sex-segregated swimming



Loading platform for the modular city

four mini-Astrodomes that will serve as petrochemical storage tanks. A seemingly endless procession of huge earth movers trundles sand and rock to the water's edge, where the fill is used to extend an immense quarter-mile-wide causeway one of the largest landfill operations of its kind. When completed in 1985 the six-mile-long causeway will provide berths for up to 18 ocean-going cargo ships at a time. At its farthest outward point sits a colossal open-sea crude-oil loading terminal large enough to accommodate a 500,000-ton supertanker.

Because of Jubail's remoteness, nearly all manufactured goods are being shipped to the building sites already partially assembled In the process, the city is becoming a genuinely modular community, a gigantic expanse of clip-together factories and buildings The 205-bed Al Huwaylat Hospital, provided by the HB Zachry Co of San Antonio, is arriving at the site virtually in kit form and being assembled room by room, each module having been delivered complete, down to the toilet-paper holders in the bathrooms Even the hospital's prayer room, which has mosque carpets and lighting directed toward Mecca was built in Alabama and transported overseas

he homes designed for the city's permanent residents are so cozily American as to suggest habitats for Ozzie and Harriet Nelson, or maybe the Cleaver family of TV sitcom fame Typical of the more lavish structures are three-bedroom ranchettes done in a kind of Arabic Southern California motif, with central air conditioning, parquet floors, General Electric ranges and Kitchenaid pot-scrubber dishwashers Prices can range as high as \$300,000 each for the dwellings, though much more modest accommodations, including town houses and four-story apartment buildings, are also going up.

One of the more visually arresting features of Jubail is the Al Mantekah Al Sakaniyah marina, with smooth white beaches that could grace a Club Mediterranee advertisement Occupying the four choicest miles of Jubail's 28 8 miles of coastline are three man-made lagoons. Two of them are for swimming (one for families and single women and one for single men) The third is for boating Eventually, the marina will be land-scaped with a winding boardwalk as well as shade gazebos and date palms

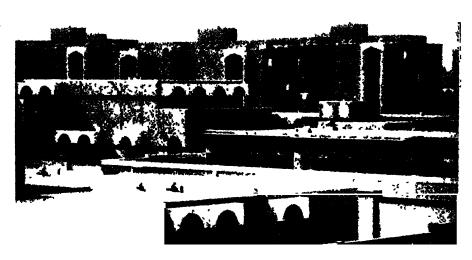
So far, Bechtel has managed its huge project without noticeable criticism of complaint from its Croesus-rich client. One reason is the company's aimost ferocious dedication to careful planning and delivery scheduling, which seeks to avoid supply shortages and transportation interruptions that can produce budget overruns and delays. Indeed, while port operations in many developing countries frequently lead to congestion that leaves ships queuing for months on end, Saudi officials boast that demuriage (delay time) at Jubail is "not a single day"

Over the long haul however, getting Jubail to work and function as a thriving industrial metropolis could turn out to be every bit as challenging as building the city. For one thing, Jubail's planned industries will be cranking out a productious supply of basic industrial products that many experts argue the world has too much of already.

Currently under construction in Jubail's industrial park are a \$1 billion oil refinery a \$300 million petrochemical plant a \$2 billion polyethylene project a \$4 billion industrial chemicals plant a \$600 million iron and steel complex and a \$360 million plant to produce fertilizer pellets. In most of those industries worldwide production gluts already abound, though a pickup in the global economy would help stimulate demand at least somewhat in consuming countries Meanwhile however the Saudis have already been forced to cancel plans for a 225 000ton-per-year aluminum smelter and additional retrenchment may eventually prove unavoidable

Such a rapid, government-directed modernization helped topple the Shah of Iran, and has disrupted other traditional societies Saudi Arabia has advantages however, that should enable it to avoid a similar disaster Unlike Iran, the population is culturally homogeneous, and shares more closely its own brand of Islamic religion Moreover, the royal family is closely allied with the religious leaders and popular as well with the rest of the people Nor is the kingdom beset by a teeming urban center with an underclass ripe for revolt Observes one US expert "You really don't have the same economic strains in the modernization process The government has kept inflation to around 8% a year, and there simply isn't any unemployment "

Even so, it is not all that certain that the tradition-minded Saudis will want to move to Jubail in the first place By and



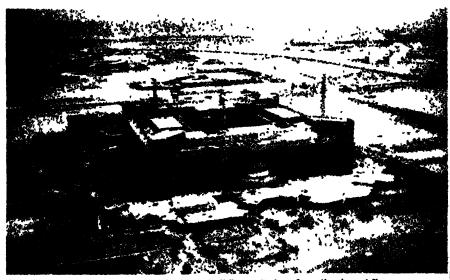
Permanent housing for Saudi workers and managers, assembled from lightweight panels

large educated Saudis display a desire to remain in wealthy metropolises like Jidda, Riyadh and Dhahran where easy money is to be found and white-collar jobs are plentiful. Yet to equip less-educated and poorer Saudis for the employment challenges of Jubail will take many years of social development that is now only in its earliest stages.

oreover, Saudi social scientists warn of the lack of any sort of precedent for the migration of Saudi families in pursuit of employment. Even in a culture that has advanced from camels to Cadillacs since the discovery of oil, Jubail may remain an uncomfortable place for the mass of the Saudi population. And since the government has no plans for enforced migration of workers an effort that would doubtless enrage every fiercely independent Saudi in the country residents will

have to move voluntarily Otherwise, the infant city could wind up becoming an enormously expensive ghost town

Should the Jubail project fail to live up to its billing Bechtel's worldwide reputation would suffer a severe blow. As the prime mover behind the project as well as its master planner the firm bears a large responsibility for Jubail's success. At this point no one is betting against Bechtel, Muses a U.S. embassy officer from Jidda: If Saudi Arabia is any indication, Bechtel follows one motto. Think big. You get the feeling that if the US Government had not thought of the moon landing first, Bechtel would have proposed the ideaand then sold it to someone 'In Saudi Arabia the world's most formidable master builder seems to have done nearly that -By Alexander L. Taylor IL. Reported by William Blaylock/Jubail and Joseph J. Kane/San Francisco



Glant cranes hover over the administration building as it rises from the desert floor
A project whose very grandeur and scope recall the opening of the American West



Essay

What the Stars Are Really Like

s soon as the film industry invented movie stars the public caught a case of chronic curiosity about their off-screen lives. Americans idolized the images of tetors but still never stopped asking What are they really like? For years Hollywood exploited the public curiosity while making no honest effort to answer that basic question, it was left to fan magazines to contrive tales that supposedly revealed what the top players were in private life. But no more Lately the butpouring of tell-all and tell-a-lot books by and about filmdom's ranking personalities has grown into a torrent.

Indeed Hollywood may be bent on bisclosing more than anybody could posably absorb about the stars—or for that matter care to know Cary Grant Bette Oavis, Laurence Olivier, Richard Burton and (in separate covers) Elizabeth Taylor ire merely the foremost subjects of the latest crop of biographies autobiograbhies and memoirs Dozens of these volames have been gushing off the presses. and sometimes the trend seems to be toward not just revelation but multiple exbosure Joan Crawford and Firol Hynn have been dealt with in a couple of books each, and three biographies of Gary Coober issued forth almost simultaneously

For all this deluge, movie-star biography has not yet earned literary respectability Even with the best of intentions, the subjects doubtlessly yield from time to time to the theatrical temptation of makebelieve Yet the accumulated mountain of Itar lore certainly tells more than enough about what Hollywood stars are actually like The Secret Life of Tyrone Power de-Sicts that virile swashbuckler as bisexual in The Untold Story, Charles Higham ries to make a case that Errol Flynn was ilso sexually ambivalent—and argues, not quite convincingly, that Flynn was a Nazi agent of some sort In This Life Sidkey Postier confesses to catching an adolescent case of gonorrhea and in *Please Don't Shoot My Dog*, Jackie Coopei claims to have been the teen-age lover of Joan Crawford Some of this brings back memories of Hedy Lamait's 1966 autobiography *Essasy and Me My Life 4s a Woman* which wound up telling so much that the "author" denounced it as "obscene shocking, scandalous, naughty, wanton fleshy, sensual lecherous lustful and scatlet"

But nowadays stars are more typically pleased that they can reveal so much about themselves "Here I am warts and all, 'Henry Fonda exults on the jacket of Fonda Howard Teichmann's new astold-to book And Fonda's spirit merely mimics that of other such recent candorstruck memorrists as Shelley Winters Lauren Bacall Llizabeth Ashley, Sidney Poitier, Gene Tierney, Joan Fontaine and Ingrid Bergman There cannot be many Hollywood giants left who have not been treated in one book or another. To peruse even a few thousand pages of these literary star treks however, is to realize that they do not bring unmitigated pleasure to the ordinary reader

In excess, movie-star biography can dampen the spirit not because it fails to reveal, but because it succeeds all too well in revealing what film actors are really like The truth is that the events of an actor's offstage life are usually just as banal and repetitious as the events of ordinary lives The big difference—even if there is nothing new under the sun-is that what would be garden-variety problems for most people become much harder to handle when they happen to a star Not only are they painted with the flamboyance of their milieu, but they tend to be leakedor presented-to the world as though they were public situations instead of private ones Yet, as their stories make all too clear, the stars pass through the usual torments of childhood into sequences of

adult problems-familial professional, financial, emotional - that would not seem particularly exotic in most neighborhoods While the stars typical comancie lives are a matter of overheated legend the actual events of their marital and extramarital flights are as trite as Everyperson's Even Mae West managed to sound like an average lovesick adolescent when she attested to the uniqueness of the feeling between her and one of her numerous musclemen a love so complete that it embraced not only our bodies but our minds and spirits-a perfect union of the mental, physical and spiritual

he private reality of a star is set apart not so much by the events it consists of as by the emotions that it inspires. The specialness, in the end comes from the same thing that turns the private person into a public actor an emotional apparatus so overactive that it can surround molehills of circumstance with mountains of drama An unusual need for affection and applause is only the most consp.cuous of the traits that impel a person toward the actor's life Not quite so visibly the actor type tends to have a streak of emotional gluttony on or off stage or screen. The result is an inclination to inflate the cliches of existence with more diamatic heat than ordinary people can work up The tendency to view life as though it were play-acting often surfaces in actors' words Writes Gene Tierney at the end of Self Portrait "If my life had been a movie, would a director have cast Gene Tierney to play the part?" Writes Robert Stack at the end of Straight Shooting "In some ways my life was like a movie, full of twists and turns "

Given their bent, movie stars naturally give the stories of their lives many cinematic touches. Their accounts frequently take on the tone of melodrama or soap opera. Lauren Bacall watches her new lover

Humphrey Bogart go home to his wife from the set of To Have and Have Not "When would I see him? When would he call? How could he stand to be with that woman? How could he stand not to be with me?" Young Henry Fonda looks up at the suddenly dark window of the apartment in which he believes his wife Margaret Sullavan to be consorting with Producer Jed Harris 'More nights than I care to remember I d stand there and ciy, and then wipe away my tears so that I wouldn't look like a wino on the subway riding uptown I'd go back to that flea-bitten hotel room and I'd sit in the dark "

Just as typically fraught with inflamed sensibility are Ingrid Bergman's narration (My Story) of her long, racking breakup with Roberto Rossellini and Joan Fontaine's accounts (No Bed of Roses) of alienation from her mother and estrangement from her sister Olivia de Havilland Writes Fontaine of the sad encounter that followed Olivia's winning of the 1946 Academy Award for Best Actress 'After Olivia delivered her acceptance speech and entered the wings 1 standing close by went over to congratulate her took one look at me ignored my outstretched hand clutched her Oscar to her bosom and wheeled away Heartbreak is hardly peculiar to actors but they are surely experts in extracting drama trom it. They often see things the way a scriptwriter might Concludes Ricardo Montalban's memoir Reflections-- 4 Life in Two Worlds If we are free and open and giving our lives will be full and fruit-Those thoughts and a thousand others flowed through my mind as I motored westward toward the waning sun

one of this means that movie stars in private do not leave behind their public images Ladd The Life The Legend, The Legacy of Alan Ladd reveals that the actor dwelt in a hell of insecurity that was utterly incompatible with the cool confident screen image. In Mommie Dearest Christina Crawford establishes that her poised mother Joan occasionally became a hysterical, sadistic monster at home Bing Crosby the easygoing crooner of love ballads, behaved like a callous heel toward his first wife Dixie if Bing Crosby The Hollow Man is to be believed

No number of biographies, of whatever credibility, should be expected to extinguish or even satisfy the popular craving to know what movie stars are really like Public curiosity about the behind-thescenes lives of political leaders and general celebrities may be great, but it is not unlimited The case of film actors is different They remain the royalty of American celebrities and something more The movie star, it is clear without even a glance at the White House, has long since displaced the authentic hero in popular mythology That hunger for knowledge of the real lives of such players is only a projection of the popular craving for movies themselves—a hunger not for true reality but only for more vicarious -By Frank Trippett

Milestones

BORN. To Jill Clayburgh, 38 film actress (An Unmarried Woman, I'm Dancing As Fast As I Can) and David Rabe, 42, her playwright husband (Sticks and Bones Streamers) a daughter, their first child, in New York City Name Lily Weight 7 lbs 14 oz

DIED. Igor Gouzenko, 63 cipher expert in the Soviet Union's Ottawa embassy whose defection in 1945 defused a major North American Soviet spy ring bent on extracting Western atomic bomb secrets of a heart attack in Mississauga, Ont The information that Gouzenko brought with him exposed for the first time the extent of the Soviet intelligence web in the US and Canada Hypersensitive to personal danger, Gouzenko thereafter never appeared in public without disguising himself or covering his head with a bag

DIED. Harry Mills, 68 one of the original Mills Brothers, singer of most of the scat parts and baritone solos for the barbershop-swing group, whose mellow and enduringly contemporary sound (Paper Doll Lazy River, Glow Worm) withstood shifts in musical fashions and gave Mills a singing career that spanned 57 years of cancer in Los Angeles

DIED. Pierre Balmain, 68 chosen designer of the aristocracy and one of the reigning leaders of haute couture during Paris' haleyon dominance of the fashion world, of liver cancer in Paris A onetime architectural student who apprenticed to Couturiers Molyneux and Lucien LeLong before opening La Maison Pieire Balmain in 1945, he was one of those who introduced the postwar soft, ferninne 'new look," a welcome relief from the severe, mannish lines of the 1930s and 1940s. His subtly tailored suits and classic dresses could be worn from one year to the next, reflecting Balmain's wish to be timeless rather than trendy, elegant rather than eclectic 'In this heady adventure he once said of designing, "the most difficult thing is not to be extravagant, but to strip oneself down and know when to stop "His only excesses were his sumptuous ball gowns Creator in 1953 of Jolie Madame perfume, Balmain worked from his hospital bed on his final collection, which will be on the Paris runways July 26

DIED. Henry King, 96, versattle director of more than 100 films, from silent-era chestnuts like Stella Dallus (1925) to Twelve O'Clock High (1949), The Gunfighter (1950) and Love Is a Many-Splendored Thing (1955), in Toluca Lake Calif An early champion of location shooting who flew his own small plane to scout the areas he used, King had an especially sharp eye for spotting undiscovered talent and helped to launch careers for such stars as Tvrone Power, Gary Cooper, Jennifer Jones and Ronald Colman (whose dapper trademark mustache King first drew on the actor with a retouching pencil)

The refugee problem isn't hopeless, Unless you think so.



UNHOR is the Office of the United Nations Figh Commissioner for Refi

Our job is to co ord work
tary efforts to solve re onlen

world wide volunonlen

logive the rights of man back to refugees the right to work to ducate a 1 recdom of religion Identity pages. Fro I documents Legal protection.

Legal protection

You can show your address with people in need by supporting the soluntary refugee organisations in your country.

They don't ask your help to support refugees forever and ever

They need your help to make retugees selfsupporting

I wing a useful peaceful and happy life some where in the world Just as you do

United Nations High Commissioner for Refugees.

--- Books--

THE DEVIE NOW KEY!

Father Andrew Greeley

Excerpt

Nora stood up 'Well I'd better leave now

'I wish you happiness, Sean said, putting his arms around her

For a moment they stood siiently together. She was soft and sweet, an angel of love. He could feel her determination begin to melt into surrender. If he insisted now he could have her, he was sure, have a life with her in which the sweetness would never end. Images from their past love tumbled through his mind. Oakland Beach

... Amalfi... Yet surely the sweetness would be short-lived Having
her, he would lose her Not having
her, he could love her forever Not
for Jimmy McGuire, not for all the
priests of Chicago, not even for the
Pope, but for Nora ... yes, for
Nora ... he would do what his
damn fool Church and his damn
fool God wanted him to do He
disengaged himself from the embrace 'I've got to get ready
for Mass'

The Luck of Andrew Greeley

THY BROTHER'S WIFF by Andrew M Greeley, Warner, 350 pages, \$14 95

'Automatic Andy's at it again Not content with writing one novel that gives trash a bad name Catholicism's most juvenile writer (with never an unpublished thought) is back with his second potboiler Everyone knows that a second novel is by definition worse than a first novel Since The Cardinal Sins was a cheap, tawdry trashy sleazy book, you can imagine how bad Andrew Greeley's new novel Thy Brother's Wife is Aputrid puerile prurient pulpy potboiler

hat diatribe is not from one of Andrew Greeley's critics It is from Greeley himself mimicking and mocking his detractors. He has plenty to choose from Some of the Greeley haters may be simply envious the author owns a sunny threebedroom house in Tucson where he spends a semester each year teaching sociology at the University of Arizona He keeps a two-bedroom condominium on the 47th floor of the chic John Hancock Center in Chicago where he conducts widely respected studies at the National Opinion Research Center And he has a beach cottage on Lake Michigan, where he water-skis sails and-as he does everywhere-writes

The sheer volume of his production may unsettle less prolific workers he has produced some 90 books (eight since the beginning of 1981), mostly on sociology (Lthnicity in the US) theology (The Marv Myth) education (Catholic High Schools and Minority Students) and history (The Irish Americans) In his spare time he writes a thrice-weekly column for more than 100 newspapers and uncounted articles for magazines and scholarly journals But nothing has brought him more recognition notoriety and money than two novels last year's The Cardinal Sins (26 million copies in print) and this year's Thy Brother & Wife The first is in its 21st week on the paperback bestseller list the second in its twelfth on the hardback charts

The trouble with all this worldly success is that it's recipient. Father Andrew M (for Moran) Greeley 54, is a Roman Catholic priest. It is not so much the monev that disturbs his critics diocesan priests do not take a vow of poverty. The sticking point is the novels themselves, in which Greeley seems bent upon airing the dirtier linen of the church he professes to love and serve Not only do Greeley's Cardinals sin but lower prelates priests and parishioners are awash in anger and avarice deceit and envy, pride and lust-especially lust Greeley pleads that his novels are not so much about sex as about love-God's love for sinful humans Like biblical stories of adultery and incest he argues, they demonstrate how God draws straight with crooked lines" Greeley's attackers charge that those crooked lines are drawn all too luridly and are being accepted by non-Catholics, at least, as an insider's scandalous portrait of what the church is really like

The Cardinal Sins shocked many with its tortured, bisexual archbishop, whose encounters with women are invariably brutal Thy Brother's Wife (contrary to Greeley's mock self-review) is in fact a better more hopeful book. The pace is quicker the characters more firmly drawn, the sexual rites gentler Greeley's turf remains Camelot West the Chicago of lace-curtain Irish who have pushed their way to the top Multimillionaire Mike Cronin who beds women faster than Joe Kennedy could say "Gloria Swanson has set the course for his two sons Paul the Notre Dame boy who goes off to win a Medal of Honor in the Korean War is going to be President Sean is bound for the priesthood and will of course be a Cardinal Paul's wife is to be Nora orphaned daughter of a family friend and a foster child in the Cionin home Sean loves her, Paul gets her hence the temptation of Thy Brother's Wife

Washington on Bobby Kennedy's team Nora plays football with Bobby, pushes him into his pool sees him assassinated in Los Angeles Paul, singlehanded is made to exaggerate all the faults imputed to the Kennedy men. His war heroics are accidental as he flees from the enemy he helps steal a test in law school he becomes a compulsive bed hopper, driving one girlfriend to suicide and leaving her daughter, a campaign aide, to die in a hotel fire Paul is a Senator running for President when fate catches up with him

Sean's fate seems to be Greeley's fantasy He is ordained at St Mary of the Lake Seminary in Mundelein, the author's alma mater, in 1956, just two years after Greeley was Greeley remembers being 'very cautious, very conservative I kept all the rules 'So does Sean Assigned to a black parish (unlike Greeley), he works himself to near collapse A new archbishop sends the exhausted curate off to Rome to study the history of church marital theology, and Sean finds himself on the famous papal birth control commission, where he stubbornly decides to abstain from voting The move wins him an interview with Pope Paul VI, whom he lectures about the need for a new theology of sexual morality Sean could use it himself he has just spent two weeks in bed

Books

with Nora Neither the interlude nor a brash period of liberalism prevents his rise, however first to bishop and then, after a personal telephone call from Pope Paul to Cardinal Archbishop of Chicago

Sean's triumph is something more than diverting summer fiction for Greeley For years he was an outspoken foe of the late scandal-plagued Archbishop of Chicago John Cardinal Cody Assuming Cody's position would be the ultimate revenge That is a basic problem with Thi Brother's Wife its mean streik Most of the tragedies in the novel result not from too much lovemaking but too much getting even Perhaps this is less a reflection of Greeley's art than of his anger There are many Andrew Greelevs and there are clearly two working at cross purposes here Greelev the romantic wishing that life could be full of grace and Greelev the realistic priest, who knows how dark human souls can be. The priest keeps trying to explain but it is the bitter romantic who keeps getting even - By Mayo Mohs Reported by J. Madeleine Nash/Chicago

Secular Saint

DOROTHY DAY by William D. Miller Harper & Row 527 pages \$18.95

Dorothy Day declared and with braid-crowned head thrust back and lanky aims flailing she marched through life as if being a saint were the least of it This fierce woman this muscular Christian founded and edited the intransigently radical Catholic Worker She suffered prison zestfully for her conscience as suffragist and pacifist. At 75 she demonstrated with the farmworkers of Cesar Chavez and went to jail for one last time. The old lady's picture in the papers made almost too pat a portrait of a martyr

But in the beginning nobody could have seemed less like a saint. Born in Brooklyn in 1897 the daughter of a lapsed Episcopal mother and an atheistic father whose holy passion was the race track Day did not even become a Catholic until she was 30 At 15 she was reading Darwin Marx soon followed After dropping out of the University of Illinois she went to work for \$5 a week for a socialist daily the Call on New York's Lower East Side One of her first assignments was to interview Leon Trotsky Before she was 20 she became an editorial assistant at the Masses where she met John Reed

Day fell upon Greenwich Village in legendary times and she became a legend herself Pursuing what she described as the 'downward path to salvation 'she experienced in short order an abortion, a marmage that failed to survive the European honeymoon, and a not very passionate love affair, designed primarily to produce the child she had come to long for Tamai

With a new interest in salvation,



Dorothy Day demonstrates for farm workers Almost too pat a portrait of a martyr

Dorothy Day had Iamar baptized in a Roman Catholic church Grimly coldly making acts of faith—she felt—like a hypoctite. She did not discover what acts of faith meant until she met an obstinate self-educated French peasant named Pebore witness by simple-direct response to a the immediate needs of the oppressed

In the spring of 1933. Day printed the first edition of the Catholic Worker proclaiming this gospel from headquarters in the kitchen of her apartment. Next came the implementation hospices or houses of hospitality for the dispossessed, the Work ers School the farm communes By 1935 the circulation of the Cutholic Worker had risen from 2 500 to 110 000. By 1937 the hospices were feeding a thousand a day

No wonder her admitters were aston ished to learn that Day had become an archeonservative in matters of morals dead set against birth control abortion and sex for pleasure even in mairiage She could sometimes be difficult to deal 1 with William D Miller her respectful biographer remarks with characteristic discretion. Yet there was still a curiously romantic side to her. Despite her angular body and schoolmarm demeanor, men fell in love with her into her 50s

How did this ardent puritan reconcile her contradictions? It is the one question neglected by the conscientious Miller a Marquette historian who got to know Day while writing a study of the Catholic Worker movement. He owes himself and his reader a hypothesis instead of the oddly sad tension he leaves in the air surtounding the halo of his admirable overachiever We feel her humanitarianism for ourselves. Her ecstasy (religious or otherwise) we have to take Miller's word for Was she ever quite at case with herself-her selves?

It was the duty of a saint to be happy 'she concluded That may be the one duty she shirked ---By Melvin Maddocks

Happy Birthyear

Dublin jumps for Joyce

n Dublin's fair city a new plaque adorns a dingy red brick house at 52 Upper Clanbiassil Street It identifies the birthplace of someone who never lived and who as long as there are readers will never die 'Here in Joyce's imagination was born in May 1866 Leopold Bloom-citizen husband father wanderer reincarnation of Ulysses The Irish capital has changed in other small ways A bronze bust of James Joyce stands in St Stephen's Green a small park near the city's center. The Chapelizod Bridge across the greenish River Liffey has been rechristened the Anna Livia Bridge, named after Anna Livia Plurabelle the female force that flows through Finnegans Wake I ittle by little the city that Joyce so painstakingly preserved in his fiction is reshaping r'self into his images

The impetus for all this activity is the centennial of Joyce's birth on Feb 2. 1882. This year also marks the 78th anniversary of Bloomsday June 16, 1904, the day commemorated in 1 lisses and a sater Maurin. He believed that a Christian | cred date on the calendar of all Joyceans Some 550 scholars assembled then for the eighth international James Toxic symposium The President of Ireland Patrick Hillery and the mayor of Dublin Alexis I itzgerald were on hand for official ceremonies scores of people in turn-of-thecentury costumes took to the streets to act out scenes from the novel. One who declined an invitation to join in the fun was Joyce's grandson Stephen, who sent his regrets from Paris Wherever his grandparents are he said 'I know they will be smiling even grinning broadly with malare and pleasure at the festivities

Indeed they might be Toyce liked praise and it is now coming to him and his work from some unexpected quarters Red-bearded Patrick O Rourke stands by the Liffey leaning on his bicycle. I left school at tv elve he says. Now I'm trying to read Ulysses and Linnegans Wake From my point of view it's a case of trying to educate myself. Just reading Joyce has helped me to appreciate the simple things of life. He changed my life long before the centen irv

There is cause for a small drop of Joycean malice as well. Dublin's embrace of its prodigal son is both tardy and tentative. The money for the bronze bust did not come from the Irish government but from American Express to provide an additional lure to the swarms of foreign tourists who annually pay homage to the master Many Irish natives remain unimpressed Jerry Davis a local artist who played the role of Bloom on Bloomsday says of Joyce. He was an impudent whacker I don't really want to be identified with him 'Symphorosa Davbell a student at Trinity College with a name that could have appeared in *Timegans Wake* calls his work bloody rubbish. It's just dressing the whole thing up. I tried reading. I *Portian of the Virist as a Young Man* but couldn't make head or tail of it. A denizen of one of Dublin's ubiquitous pubs shrugs at the mention of Joyce's name. Jaysus I can't even back a horse never mind read his books.

Such comments would have made Joyce feel right at home. He guessed early that most of his fellow Dubliners would neither understand what he hoped to say nor accept quietly his growing rebelliousness toward Roman Catholicism. The defiant young man cultivated enemics pinned them in his memory, then ran off to the Continent in 1904 with a chambermaid named Nora Barnacle. He spent the rest of his life in Rome Trieste Zurich and Paris writing only of Dublin He gave the city back its filting musical language he composed and settled scores For its part. Dublin seemed content to ignore Joyce until its citizens heard that they appeared by name or thinly disguised in a scandalous book called Ulisses Judging by their outrage most of them might have preferred a niche in Dante's Interno

Time has evidently softened hard feelings but not entirely and that is just as well. A nondisputatious Dublin, an Ireland without its witty insults, would have nothing in common with Joyce's work His imagination soared, always launched from a ground that remains much the same. Those readers who make their first pilgrimage to Dublin this summer and fall will find the place ecrily familiar. Thanks to Joyce they have walked those streets and heard those voices, that captivating urban hubbub before. They will cross the Anna Livia Bridge and stand before the new landmarks. The centennial will end and the most enduring monuments will remain Joyce's books By Paul Gray.

Reported by Mary Cronin/Dublin



A tardy embrace of the produgal son

Cinema



2019 vision: Harrison Ford races through a landscape of dark, cramped, urban squalor

The Pleasures of Texture

BI ADI RUNNI R Directed by Ridley Scott Screenplay by Hampton Funcher and David Peoples

s atmosphere smothering the story lines of smart new science-fantasy movies? Is texture overwhelming the text? On the evidence of Ridley Scott's Blade Runner and his previous thriller the 1979 their it would seem so Says David Drycr who helped supervise the special photographic effects of Blade Runner The environment in the film is almost a protagonist. He and other talented craftsmen are lavishing their imaginations on graphic design on high-tech spaceships and deja vu futurism and allowing the characters to wander through a labyrinthine narrative like lost dwarfs. Moviegoers seeking the smooth propulsion of story line look at these films and ask. What's going on here? Directors and effects specialists plumbing the resources of a technology that can show what has never been seen before, answer. The here is what's going on The setting the surroundings the texture

In Blade Runner an adaptation of Philip K. Dick's 1969 novel Do Androids Dream of Flectric Sheep' the here is quite enough a vis m of dark cramped urban squalor. This is Los Angeles in the year 2019 when most of the earth's inhabitants have colonized other planets and only a polyglot refuse heap of humanity remains Los Angeles is a Japanized nighttown of sleaze and silicon, fetid steam and perpetual rain. This baroque Fomorrowland juggles images from a dozen yesterdays walk out of the rain and into a 1940s world of overhead fan blades and women in shoulder-pad jackets moving to the cadence of a keening alto sax The filthy streets are clogged with Third World losers and carnivores while 10 ft above them the police cars hover monitoring the future as it molders into chaos

Some people don't belong in this decaving cityscape. One is Deckard (Harrison Lord) a burnt-out. Bogie-style detective the others are replicants, robots of advanced design who have infiltrated the city to find their creator and prolong their short violent lives beyond the allotted four-year span Deckard brought back into service to kill the quartet of replicants finds it no cass job- for they are powerful and cunning and he is tired beyond caring Moreover Deckard's emotions have been short-circuited from a lifetime of dirty police work, whereas the emotions of the replicant leader Batty (Rutger Hauer) are flowering just as his termination date nears. And so the twin pursuits begin. Deckard a man from the past races against time to track down his quarry Batty the man of the future races for as much time as genetic engineering and his appetite for life will grant him

Blade Runner like its setting, is a beautiful deadly organism that devours life and Lord the cockily engaging Star Warrior of Raiders of the Lost 4th allows his heroic stature to shrivel inside it. In comparison. Hauer's silver-haired superman is more human than human, and finally more complex than Ford's victimized flatfoot. Because of this imbalance of star roles and because this drastically recut movie has a plot that proceeds by fits and stops Blade Runner is likely to disappoint moviegoers hoping for sleek thrills and derring-do But as a display terminal for the wizardry of Designers Lawrence G Paull Douglas Trumbull and Svd Mead, the movie delivers. The pleasures of texture have rarely been so savory --- By Richard Corliss

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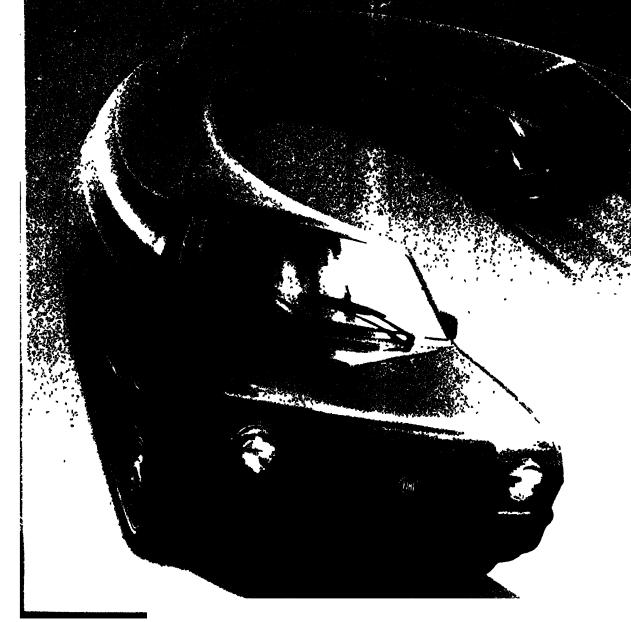
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Letters

Beirut Besieged

To the Editors

Roger Rosenblatt's haunting journal [July 19] brings home the tragedy of Lebanon with more impact than anything else written on that subject. I hope the diary finds its way to Prime Minister Begin's desk and makes him pause and think

Jacques Liwer
Holliswood N Y

Many people may understand Menachem Begin's obsession with humiliating and destroying the PLO However few will ever forgive him for the many civilian lives he has taken to accomplish this

> Norman J. Meunier Northampton Mass



West Beirut is becoming the tomb of sympathy for Israel

Jane Arney Bremerton Wash

I cannot understand why world sentiment is against Israel. The nation is finally responding to continuous attacks against its border towns. And the PLO? They hide behind innocent civilians. The blame for these casualties lies solely with Arafat, who sets up shop in urban ghettos. Jeff Stober

Teronto

When Britain fought a war 8 000 miles from home it was deemed justified When the US struggled in Viet Nam, it was judged to be a warranted invasion But when Israel battles across its border for self-preservation against those who are bent on annihilating it the action is roundly denounced as improper

Anne Winter Willowdale Ont

I am not a diehard supporter of everything Israeli, but I have lived in Beirut for four years. The Palestinians have brought this war upon themselves. The crime is that they are bringing Lebanon down with them. After years of terrorism and

murder they now assume the mantle of injured innocence and cry foul play when they find themselves on the receiving end. They talk about their legitimate rights but refuse to give the 1 ebanese the right to control their own land.

Charles H Lypper West Berlin

One cannot help applauding the brilliance with which Arafat has maneuvered through this crisis. His objective, which is to have his people recognized as a group without a home has come much closer to reality. At the same time he has put Israel in the vulnerable position of being judged the bad guy in world opinion.

Hant Mohammed Patni Vancouver B C

Pipeline Policy

Your articles on START and the Euro-Soviet gas pipeline [July 12] clearly show the inconsistencies in our policy toward the Soviets With START we are indicating our desire for economic and military cooperation. Yet we are trying to impede the construction of a pipeline that will be a significant Soviet investment in Western Europe. The Soviet willingness to build such a link should be accepted by our European allies and by us as a stabilizing factor in Euro-Soviet relations.

Danny Samson Urbana III

Computer Phobia

Refusing to learn to use a computer [July 19] is as stupid as trying to achieve status by not owning a TV set. As a professor of Anglo-Saxon and medieval studies. I look forward to updating and advancing my courses through computer research. Scholarly books and articles will also be produced much sooner by using electronic methods.

4 Robert Bell Long Beach Calif

In a tough job market computer illiteracy will facilitate the replacement of the over-50 executives by their juniors

Kenneth B Sherman South Berlin Mass

Any intelligent computer salesman should be able to understand that an executive who doesn't pound a typewriter or dial his own phone calls will see no reason to punch a computer keyboard

Merle Ferris Greenport, N' }

God and Suffering

Rabbi Harold Kushner's effort to restore religious faith to those whose personal calamities have caused them to forsake it is desperate and misguided [July 19] Giving up belief ought to be seen as the valid conclusion to a tragedy. It is re-

markable that disasters of every sort can be contorted into reasons to continue, rather than abandon religious conviction

Fred Woodworth
The American Atheist
Austin

If I had to believe that a divine plan gives reason to my son's senseless death, I would no longer have any use for God Rabbi Kushner has given me the only basis for any rational understanding or acceptance of this tragedy. There has to be a randomness at work. A loving God cannot be the one who orchestrates senseless accidents terminal cancer and wars.

Louise H Shearin Crofton Md

Rabbi Kushner has missed the point God is in control and everything does happen for the best. Why else would his personal tragedy have had such a positive result, that is a book that has comforted so many others in their grief?

Margot Wagoner
Los Angeles

I have two children with a severe central-nervous-system disorder and have done my share of suffering. Any approach that relieves a person's guilt and gives some peace of mind is right. Rabbi Kushner has made it possible to make sense of this imperfect world.

> I aura Bliss San Mateo Calif

Expanding Airport

TIMI's article. The Jubail Superproject. [July 12] falsely compares the management effectiveness on the Riyadh and Jiddah airports in Saudi Arabia, one involving Bechtel and the other Parsons.

Contrary to the implications in the article Parsons neither designed nor built the King Abdulaziz Airport in Jiddah A joint venture of Parsons and another company has served as construction and program manager for this project since 1976. Expanding enormously since the originally modest plan was prepared in 1965, this airport is now by fair the largest and finest in the world, with a major military complex two commercial terminals a royal pavilion and the Haj terminal having a capacity to handle more than a million pilgrims arriving and departing within less than a month each year.

Dorn Dicker Vice President Parsons Corp Pasadena Calif

TIME did not mean to imply that the higher final cost of the Jiddah airport way due to Parsons mismanagement rather than changes in the scope of the project

IFITERS TO THE FOLLOR should be addressed to TIME Letters. Time & Life Building 3-6.2 cheme Obtemachi. Chivodaku Tokyo 100 Japan and should include the writer's full name address and home telephone. Letters may be edited for pur poses of clarity or space.

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SMITHSONIAN, Washington, DC

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the ARI gallery Magazine, New York

The Exhibition has been made possible by the National Bank of Greece and TIME Incorporated, and with the cooperation of the Greek Ministry of Culture and Sciences





A Letter from the Publisher

Times Walter Galling's first encounter with Italy's largest car manufacturer was in 1947, when he became the proud own er of a mini-mini I fat 500. Though the car's tiny engine seemed more designed for a tawnmower than an automobile. Gall-

ing's respect for his miniature chariot grew over the years One incorable evening after a cocktail party in Palermo the little I lat ferried home nine fullgrown partygodis, hanging on tojoot bumpers and hood Trats have since grown in size and power but Galling remembers his first with special fondness. It was a personal challenge to fold a 6 ft. I in frank into a small tin can made for a 4 ft midect

Galling has covered Italian





Cover: astration by Mick McG.

Walter Galling

Wilton Wynn

Galling who with his wife Lorraine has for 16 years published the widely respected monthly Galling Report on Italian economic and business developments has enormous respect for the 'getup-and-go of Italian entrepreneurs

Foremost among them is Gianni Agnelli. Fiat's redoubtable tounder and guiding spirit. One cannot imagine the country without Fiat- of the company without the Agnellis says Gal-

> ling He and Rome Bureau Chief Wilton Wynn traveled to Liat headquarters at Turin to interview Agnelli for this week scover story

> In New York Associate Editor John Nielsen who became familiar with Western Luropean automakers woes during eight years of reporting from Brussels and Madrid put together the story of frats remarkable recovery assisted by Reporter Researcher Oscar Chiang Says Nielsen whose

acquaintance with Fiats also goes back to the old 500. I broughout the 70s, the story of Western Lurope's carmakers was one of ocheral decline. It steassuring to see that one of the giants can reverse its fortunes so dramatically

John a meyers

Index

www.comu 42

Cover Italy s Frat once struggling to remain alive is again showing profits. Its remarkable rurn around could point the way to prosperity for Western Europe's beleaguered auto in dustry See LCONOMS & BUSINESS

economic and business news for 17 years. Back in the early 60s the country was riding high on the wave of the economic miracle

and Galling says. The combination of Italian initiative low la

bor costs and oil at \$2 per bbl-seemed almost to guarantee that It

aly would become the Japan of Europe. Then came the oil crunch of the 70s a rate of inflation in Italy double that of the

rest of Western Europe, and skyrocketing labor costs. Even so



World. The Falklands kelpers find peace and British reoccupation a mixed blessing ▶ Hong Kong vortics about China's plans for its focure > Passengers and crew brutally foil the first air hijacking ever report-

ed by Peking 26 Essav 39 Medicine

Living: Soviet youths tic increasingly turn me to Western fashons and fads, much to the dismay of their sir utlaced elders U.S. Army Lahirts and Adidas shoes are less a sign of disaffee tion than of conside. able ingenuity

United States Real

quare off in a feud that threatens their

budoct deal ► 115al

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nonne and military

Or iss is green for

marijuana growers

aid ► Lessons for

George Shult

e in and Congress

35 Sport 51 Law

Lebanon: Shuttling between the capitals. of the Middle Last US Special Envoy Philip Habib trics to pull torether in agreement that would bring peace to bat tered Beirut which was hit hard again See WORLD

Willardson & White



Religion American clerey of many sects. turn out in force to it rue in the name of religious treedom, for and reams legalized prayer in pidate chook > US bishops and laymen try to come to graps with nu-

36 Video

52 Milestones

37 Show Business

52 Theater

53 Books

1 Letters

38 Cinema

33 People

40 Business



Israeli bombardment of Beirut: warplanes, gunships and artillery batter the city in a savage unleashing of military might

TIME AUGUST 9 1982

MIDDLE LAST

Talking Under the Gun

While the negotiations continue, Israel attacks the P.L O

t was a week of flickering hope and darkening pessimism of bombardment and fragile cease-tires and then savage assault. For a while there was guarded optimism in Lebanon that the negotiations were making at least some progress toward finding a peaceful solution to the problem of removing the Palestine Liberation Organization from West Bernit, where it had been besieged for eight weeks by Israeli forces. And then on Sunday morning suddenly and dramatically the Israelis launched their heaviest assault yet on the PLO and its strongholds since the siege began.

As the jets swept to the attack, the Istach Cabinet declared that the assault was not the all-out offensive against West Beirut that Jerusalem had vowed would ultimately occur if no political solution could be found to the problem of petting the PTO out of the city and the country Sunday's assault was aimed at PTO strongholds just to the south of West Bertut, which the Palestimans had managed to hold since the invasion on June 6.

Blaming the PTO for breaking the latest cease-fire an accusation denied by the organization the Israelis attacked not only by air but by sea and land and the familiar clouds of destruction began to rise over the area. In retaliation the guer tillas shelled and tocketed Israeli forces

moving on the suburbs and also attacked Israeli positions in I ast Beirut. I inally after the Israeli forces had moved farther into the areas just adjacent to West Beirut the two sides arranged a cease-fire for 5 p.m. on Sunday and the guns fell silent at least for a while.

Even as their jets bonibed Palestinian targets—top—Israeli—officials emphasized privately that the search to find a political solution to the PLO—issue was not dead. The attack—they explained was first of all a response to a violation of the cease-fire by the Palestinians and perhaps more important proof that Israel would not put up

indefinitely with what it called diplomatic stalling by the PLO Said an Israeli official. We just wanted to send a message that we won to drawn into a war of attrition. The PLO must understand that their answer to the political process must come much faster than the think. They should know we mean business.

Nonetheless the Israeli attack would seem to east pall over the peace negotiations being conducted by U.S. Special Middle Fast Invov Philip Habib. Before the fighting began diplomatic sources in Leb anon were mildly optimistic that Habib was managing to make some progress however restricted and tentative toward working out a solution to the PTO issue. In pursuit of a settlement, Habib had tirelessly toured Arab capitals and gone as far affeld as London to meet with Jordan's King Hussein. In his tortious negotiations, Habib seemed to have satisfied at least one of the demands of Prime Minister Menachem Begin of so Washington hoped. That was the Israeli Prime Minister's insistence on an unequivocal commitment from the PLO to evacuate its

Habib confers with Shamir in Jerusalem





Using a Soviet-made BM-24 rocket launcher captured from the P.L.O., Israeli forces fire rockets at besieged West Beirut

6 000 guerrillas who are scaled off in West Berrut along with 500 000 residents of the city. Indeed, negotiations were afready under way between Habib the Lebanese government and the PLO to devise a formula for relocating the guerrillas and their families to Syria. Egypt. Iraq and Jordan

The announcement by the Arab I cague of a six-point proposal for a settlement gave new impetus to a P1 () departure. For the first time, the Arab world acknowledged its collective responsibility as one c.S. diplomat in Washington put it to ensure the evacuation of the Palestinians from Beirut. The key passage in the document which was signed by Iarouk Kaddoumi head of the PLO's political department stated. The Palestine Liberation Organization declares its decision to transfer its armed forces from Beirut and define guarantees for this move along with guarantees to be worked out between the P1 () and the Lebanese govcriment for the security of the Palestinian

refugees. The Arab League statement a PLO spokesman said represented the PLO s reaffirmation that it is ready to leave Lebanon.

sraeli officials were guarded in their response and Loteign Minister Yitzhak Shamir insisted that a reply to Israel's demand that the PIO leave Lebanon must come directly from Habib rather than in a statement by the Arab League But Begin later told the Defense and Loreign Affairs Committee of the Israch Knesset that the PLO was apparently agreeing to evacuate the city Despite earlier PTO assurances to Habib to that effect the Israelis had feared that the PLO was stalling for time to build up its own defenses. But Begin also told the committee that while he favored a negotiated settlement many loopholes in an agreement would have to be closed in order to ensure that the PLO would leave And even if a final agreement could be worked out. I ebanese officials stressed it

would be several weeks be fore an evacuation could be completed

Although Jerusalem denied the report diplomatic sources in Lebanon said that Habib had in fact already won Israeli acceptance of a tentative plan for the PLO to be evacuated directly to Syria then dispersed to Egypt Jordan and Iraq The PLO was pleased with the Habib proposals even though the Palestinians had to orgo the staged withdrawal they preferred by way of the Bekaa Valley in eastern

Broadly sketched the other points that Habib was discussing in his intensive sessions with the various parties in Berrut included the deployment of the Lebanese airmy and a multinational force before the PLO forces leave Berrut. As the PLO left Israeli forces would make a token with/hawal Israeli officials last week said they were opposed to both conditions. The departure of some 5 000 PLO highters in and around. Tripoli in northern Lebanon and the 15 000 to 20 000 commandos in

the northern Bekaa Valley was to be

worked out in subsequent agreements

Lebanon before going on to Syria

The PTO has also made what it stressed was a request not a demand that some 1 000 of its 6 000 guerrillas in West Beirut be permitted to move to Tripoli rather than go to Syria. The reason although most of the guerrillas in Beirut came from countries to which they may be repatriated about 1 000 were born in Lebanon or have no proper papers and thus know no other home. Arafat would like a temporary haven for these forces in Lebanon until a permanent one can be found. The PTO also wants guarantees for the safety of Palestinian refugees who would remain in Lebanon.

The urpency of finding a speedy solution was driven home to Burut's strife-weary residents once again last week when Israeli warplanes gunships and ar tillery attacked even before the Sunday assault. The Israelis pounded the city day after day in a savage unleashing of military might. By midweek the bombings and shellings had taken a heavy civilian casualty toll at least 247 people reported killed many when Israeli bombs exploded in densely populated residential

Habib meets with Jordan's King Hussein in London







P.L.O. commandos take aim at Israeli jets attacking Beirut, fire fighters and rescue workers sift through rubble of devastated apartment

areas and an estimated 400 others injured. The Israelis also cut off electrical power fuel and water to the besieged sector. After the U.N. Security Council passed a resolution demanding restoration of the facilities some water was turned on late last week.

Initially the Israeli attacks concentrated on Berrut's southern suburbs near the Palestinian refugee camps of Burj al Barajneh Sabra and Shatila the international airport and Arab University But Tuesday in two 30-min air raids Is rach planes suddenly swooped in and dropped 500-lb bombs on luxury apartment buildings in the Lebanese residential district of Raouche in the heart of Beirut One apartment building that housed many staffers from the American University Hospital took a direct hit the top six floors were blown away. A few minutes later another bomb fell on a building only a few hundred yards from the campus of the American University in Beirut Lebanese police said that 120 people were killed in the bombings that day virtually all of them civilians

hen U.S. Senator Paul Isonpas met with Begin and urged him not to order an assault ! against Beitut the Prime Min ister icily responded. We will do what we have to do West Beirut is not a city. It is a military target surrounded by civil ians. That same day Bogin talked with Colonel I li Geva 31 an Israeli armoredbrigade commander who asked to be relieved of his command because he could not in good conscience lead an assault on Beirut When Begin asked him why Geva explained that when he looked at Beirut through his binoculars he saw children playing Asked Begin Did vou

receive an order to kill children' Replied Geva. No. Responded the Prime Minister. Then what are you complaining about' Geva was later discharged from the army

Still President Reagan avoided any direct criticism of Israel at his press conference. Deploring the bloodshed and the shelling he said that the responsibility for the fighting and the collapse of several previous truces was two-way. Reagan denied that any deadlines had been set for finding a solution to the crisis. He said that if the PLO recognized Israel's right to exist and agreed to abide by two key UN resolutions, then I would feel that the United States could enter into discussions with the PLO. I'm not speaking for Israel. That's up to them

Yet any immediate American inter-

Palestinian children carrying water



est in forging US relations with the PLO appears to have receded within the Administration Explained one Washington official The issue was blocking any movement in Habib's talks and scaring the Israelis to death. So the Administration deliberately decided to slow things down' But the US was still under heavy pressure from Arab states particularly Egypt to begin a dialogue with the PLO and forthrightly support a policy of self-determination for the Palestinians. On a visit to Washington late last week Egyptian Loreign Minister Kamal Hassan Ali explained that Egypt was willing to take in several thousand P 1 O commandos and offer a PLO government-in-exile a home in Cairo Such a step would go far toward restoring the leadership tole Egypt had in the Arab world before it signed a separate peace treaty with Israel

The Egyptians argue that no country can accept the PLO without some guarantee that a more comprehensive solution to the Palestinian problem is in the works. Explained an adviser to Egyptian President Hosni Mubarak The Palestinians are a source of serious trouble. Why should we solve Israel's problems at our own expense? Moreover the Egyptians say that it is in America's interest to seize the opportunity for leadership in the region and regain US influence with the hard-line states of Syria and Iraq, thus undercutting Soviet influence in the area Said a Cairo official 'The US is being given a new opportunity on a silver platter The whole area is looking to Washington as the key to the solution

The immediate problem however, was Beirut Despite the optimism in Lebanon that a settlement would be reached, there remained some nettlesome prob-

TIME AUTHORS



lems that US officials left had to be solved to prevent Israel from launching an invasion of the P1 O stronghold. All parties for example have agreed in principle to installing a multinational force in Lebanon. The PLO and the Lebanese Muslims want it to protect not only the departing guerrillas but also the Palestinians who stay behind. The US and Israel want it only to supervise the PLO retreat. The makeup of the force is also an issue. The PLO would like a UN force the Lebanese and the US an international peace keeping unit, and Israel would prefer an all-American contingent.

Another sticking point is the PLO desire for the Israelis to match its withdrawal with a pullback of their own at least as far as Damur twelve miles south of Beirut US experts say flatly that the PIO is 'dreaming on that point Said one State Department official It would be hard as hell to get Israel to move back that far because they don't trust the PLO to go ' The PLO still wants to leave behind in Lebanon a political and military symbol of its former power. Israci is adamantly opposed to that Moreover the proposals being considered last week apply only to PLO forces in Beirut They do not cover PLO, Syrian or Israeli forces elsewhere in Lebanon a source of great concern to the Lebanese government

Habib's diligent campaign to resolve such fundamental problems may take him on the road again this week. But just how elusive the cause of peace remained was sadly illustrated at week's end when Israel savagely attacked the PLO as a grim reminder that it would not wait indefinitely for a political solution to the cities.

—By Marguerite Johnson

Reported by Johanna McGeary/Washington and William Stewart/Beirut

Congressional Innocents Abroad

t was a slapstick combination of *The Innocents Abroad* and Sylvester the cat stalking an unsuspecting Tweety The six-member congressional group had set out on July 22 on a self-assigned ten-day fact-finding tour of the Middle East, hoping somehow to contribute to a peaceful solution of the bloody Lebanese standoff That they did not do As the contingent prepared to head back to Washington last week, having visited five countries and attracted a great deal of unwarranted attention, the five Democrats and one Republican no longer appeared to be a shrewd bunch of legislators honing their perceptions of the region. Instead, they stood revealed as a coterie of naive bumblers wandering helplessly among the battle-hardened chieftains of the Levant

A grand master of Middle East intrigue, PLO Chairman Yasser Arafat was all smiles and cordiality during the group's visit to his underground shelter in besieged West Beirut. Ambiguously suggesting a willingness to come to terms with Israel, the canny guerrilla leader pulled out a black felt-tipped pen and, on a page of lined notepaper, wrote the words "Chairman Arafat accepts all the U.N resolutions relevant to the Palestinian question" In the furor that followed, California's Paul McCloskey, the only Republican in the group, triumphantly declared that the statement implied that the PLO was about to recognize Israel's right to exist. The Congressman said he would urge the U.S. to open direct dealings with the PLO.

But McCloskey's euphoria was soon punctured. Within hours the so-called Arafat document was denounced by Israel as a propaganda ploy, and explicitly disavowed as a recognition of Israel by official PLO spokesmen in Beilut, New York and Paris. That blow came after a stinging cable from House Speaker Tip O'Neill instructing the congressional delegation, whose trip he had routinely authorized, to refrain from making statements in his name.

It was only the beginning of the Americans' troubles Representatives Nick Rahall of West Virginia and Mary Rose Oakar of Ohio both of Lebanese descent and both persistent critics of Israel, told the press that the damage they had seen in Tyre and Sidon was the worst that they had ever observed in any war area, only to have to admit they had never seen any other war areas. The group proved to be totally out of its depth too when meeting with Israeli Prime Minister Menachem Begin, who chided his visitors schoolmarmishly for being "taken in" by Arafat Begin asked McCloskey to point to the West Bank on an unmarked map The nonplused Californian was unable to do so

Nor did McCloskey improve his standing in Isiaeli eyes when in a CBS-TV interview after the meeting, he said that Begin had claimed the Israelis right to "destroy Beirut even though they kill ten Lebanese and five Palestinians for every Palestinian soldiei." Furious, Begin telephoned U.S. Ambassador Samuel Lewis, who had been present at the meeting, and confirmed that the Prime Minister had not said "anything like that"

Publicly, President Reagan observed that the trip was not a good idea" privately, aides say, he felt that the six legislators 'ought to stay the hell out of there" On Capitol Hill, says one Democratic leader, 'nobody was happy about them going Within Congress there is ridicule. The trip was such an ordeal for the US embassy in Beirut that Ambassador Robert Dillon reportedly asked the State Department to keep such groups out of the war zone in the future.



Arafat, left, shaking hands with Congressman McCloskey as Oakar and Rahali look on

World

Iranian soldiers on the attack: a series of offensives that turned into a bloody inferno

Death Struggle in the Desert

Iran steps up its attacks, but the newly inspired Iragis rally

For the fifth time in three weeks tens of thousands of Iranian soldiers launched a furious offensive against Iraqi forces entrenched near the Shatt al Arab waterway. Many of the Iranian troops according to Iraqi officials, went into battle carrying a plastic key that the avaitullahs had told them was the key to paradise. Said one Iranian officer. In fact, it is the key to hell.

Still this time the Irani in high command abandoned its suicidal factic of human wave assaults and adopted a more conventional deployment of armor and artillery to confront the Iraqis. The Iranian forces pushed cleven miles inside Iraqi territory before they were stopped by a ferocious counterattack near the strategic Iraqi port of Basia. For the spoils of a few miles of sun-baked marshland, some 2,000 Iranians lost their lives. Iraq now says that more than 21,000 Iranian troops have been killed in the abortive drive on Basia, while Iraqi casualties, though not publicized, are estimated to be 5,000 dead and wounded.

The latest cycle of bloodshed and renewed stalemate intensified appeals for a rapid settlement of the 22-month-old conflict Last week Iraqi President Saddam Hussein admitted that he was favorably disposed to Algeria's offer to serve as mediator between the two warring nations. He also suggested that the truce should become effective in early September coinciding with the summit of nonaligned nations scheduled to take place in Baghdad Bright banners already festoon the fragicapital bearing the words WII -COME TO OUR DISTINGUISHED VISITORS in English Trench and Arabic Tor years Saddam Hussein has envisioned the summit as a grandiose occasion to mark Iraq's emergence as a leading force in the nonaligned movement

But Iran evinces no signs of accommodating Saddam Hussein's wishes Iehran insists that peace can be achieved only after three conditions are satisfied the repatriation of 120 000 Iraqi Shi ites exiled in Iran the pay-

ment of \$150 billion in war reparations and punishment of the aggressor. For Ayatullah Ruhollah Khomeini and other mullahs in the government hierarchy the last condition means nothing less than Saddam Hussein's ouster the destruction of the ruling Baath Party and the establishment of a pro-Iran Shrite regime in Baghdad

On a trip to Algiers two weeks ago Iranian Prime Minister Mir-Hossein Moussavi spelled out those terms and stressed Khomeini's intractable demand that Saddam Hussein must go before peace can be restored. The Algerians according to a senior Iranian diplomat suggested that one way to break the impasse would be to create an international commission that would assign guilt in the gulf war and thus presumably condemn Saddam Hussein for his initial invasion of Iran But Moussayi rejected the idea and declined to modify his position. Said he Iran will accept Algerian mediation if it helps to achieve the Iranian conditions

Tran's intransigent stand toward negotiations augurs more death and destruction. After incetting with Khomeini last week. Brigadier General Qassem Ali Zahirnejad, chairman of the Joint Chiefs of Staff said. We have bigger operations in store that we shall unleash in order to put the enemy in his place. If we stay idle Saddam himself or another Saddam will attack us.

In anticipation of further Iranian as saults exit visas were canceled to ensure that all able-bodied men were available for military service. Said an Iraqi officer. There is hardly anybody born between 1948 and 1962 who is not at the front.

As the fighting went on Saddam Hussein tried to get new pledges of support from the Arab gulf states which remain highly apprehensive about Khomeini's Islamic revolutionary tervor Saudi Crown Prince Abdullah ibn Abdul Aziz recently flew to Baghdad to offer generous assistance to Saddam Hussein If a peace deal could be worked out Abdullah claimed Saudi Arabia was prepared to pay Iran for war reparations Said Abdullah. Any price in terms of money is worth it if we can get rid of this pestilence of war

Iraq's defense of the Basia region appears to have infused new life into Saddam Hussein's regime. The Iraqi strongman seems to have been vindicated in the belief that his troops would fight tenaciously once they were protecting their own territory. Moreover his assiduous courtship of Iraqi Shrites, who make up 55% of the population has blunted Khomeini's call for insurgency But Saddam Hussein's ultimate test still lies ahead both he and Khomeini realize that their bitter rivalry will be resolved only when one of them is swept -- By William Drozdiak. from power

Reported by Dean Brelis/Baghdad and Raji Samghabadi/New York



Iranian forces keeping close watch on Iraqi prisoners captured after a battle near Basra. An intransigent stand toward negotiations that augurs more death and destruction

Feuding Fathers of Their Country

-Mugabe weighs moving against Nkomo as violence increases

With no warning the shots were fired from the thick bush at the nine tourists traveling by truck from Victoria Falls the most spectacular waterfall in Africa to Bulawayo Zimbabwe's second largest city. Armed men ran to the vehicle took the six male tourists as hostages and gave the tour guide a ransom note addressed to Prime Minister Robert Mugabe. The message said that the kidnapers would blast these kids by week's end unless Mugabe released from jail two former leaders in the guerrilla army of his rival Joshua Nkomo. The note was signed Zipia Forces the name of Nkomo's guerrilla army that was disbanded after the nation's seven-year civil war ended

Nkomo publicly called on the kidnapers to free the tourists. Mugabe meanwhile sent 1500 members of the army aided by helicopters and spotter planes on a massive bush country search for the hostages two Americans two Britons and two Australians

Joining in the search were three men from Britain's crack Special Air Service the unit best known for its daring rescue in May 1980 of hostages held in the Iranian embassy in London. The four teams of trackers, occasionally crawling on hands and knees were able for a time to follow the kidnapers trail through the bush but lost the track after local tribesmen drove their cattle through the area. The government suspects that the villagers were trying to protect the abductors. Indeed the kidnapers were reportedly hidden overnight by a member of Nkomo's Zimbabwe African People's Union (ZAPI) and the government has placed several villagers under arrest. Exclaimed a frustrated government searcher. We've been within inches of them every blasted night'

The kidnaping which took place in the heartland of Nkomo's Ndebele tribe was just one of several recent signs that the uneasy truce among the Ndebeles Mugabe's majority Shonas and Zimbabwe's white minority is threatening to break apart only 27 months after the transformation of white-dominated Rhodesia into black-dominated Zimbabwe Mugabe and the rotund Nkomo had helped negotiate the terms of Zimbabwe's independence. In the ensuing election Nkomo was defeated for the prime ministership by Mugabe and since then there has been a growing rift between the two nationalist leaders Last February Mugabe dismissed Nkorao from his Cabinet post as Minister Without Portfolio for allegedly plotting to overthrow the government Despite Nkomo's denials, Mugabe suspects his rival of having masterminded a series of outbreaks of violence and sabotage and even an assault last month on the residences of Mugabe and Supplies Minister Enos Nikala

Last week in the most damaging attack yet saboteurs cut through a barbedwire fence at Thornhill Air Loice Base near Gweru and destroyed or severely damaged 13 aircraft about 25% of Zimbabwe's combat force. The government has detained six whites and five blacks who were linked to Nkomo for question ing about the incident Tast March two former officers in Nkomo's Zipra forces KGB-trained Dumiso Dubengwa who served as intelligence chief and ex-Deputy Commander Lookout Masuku were arrested after Mugabe's men discovered large caches of arms and ammunition on

As the internal strife increases Zim babwe fears a slowdown in its campaign to attract more foreign aid and investment which it desperately needs to counter the effects of its civil war. The country anticipates gaping budget deficits as it seeks to finance health-care programs and universal education. On a recent fund-raising tour of Luropean governments. Prime Minister Mugabe attempted to convince his hosts that his much publicized split with Nkomo does not jeopardize Zimbabwe's stability. Last week the US signed three agreements worth some \$5.5 million in training and food bringing total U.S. aid to Zimbabwe to \$42.7 million in 1982. Even with such aid a severe drought is expected to reduce the nation's agricultural output this year by 20% and depressed prices for such exports as chrome-nickel and copper have



Troops beating a man suspected of concealing information about the kidnapers

In uneasy truce was threatening to break just 27 months after the nation was born

property owned by Nkomo SZAPU About I 200 onetime Zipia soldiers have deserted the nation's aimy undermining the plan to unite the formerly warring factions into a single national force

A has been increasing among the country s 170 000 whites (reduced by emigration from 212 000 27 months ago) in the wake of the killing two months ago of Farmer Brian Dawe He was hit by a burst of gunfire while quietly watching television with his wife and three children at his remote farmhouse

Trying to check the lawlessness the government has launched a cleanup operation, code-named Octopus in the Bulawayo region, including a nighttime cur few on the western suburbs. Mark Dube Deputy Minister of lands resettlement and rural development told Parliament that dissidents responsible for gangsterism should be brought to the capital. Harare, and publicly executed by firing squad in the stadium

led bankers to predict a sharp slowing of Zimbabwe's economic growth to 3% or less in the coming year from a robust 8%

Mugabe has made it plain that he believes Zimbabwe would benefit from oneparty rule, although he has not tried to impose it for fear of alienating businessmen and farmers as well as forcign investors But as provocations increase he is under increasing pressure from members of his ruling ZANU-PT Party to move against Nkomo Mugabe angrily told Parliament last week that he planned soon to announce new measures that would be lextralegal and extremely harsh to stop the banditiv. As Nkomo listened quietly Mugabe warned. These men are ZAPUand the weapons are from ZAPU Mugabe said the government had been far too lement on ZAPU Declared he. We may do mand two ears for one ear and two eves for an eye. The swords are drawn and it will be a luta continua [constant battle] to the nnish By Kenneth M Pierce Reported

by Marsh Clark/Harare

PANAMA

New Strongman

Paredes takes charge

The gambit was carried out swittly and efficiently. One year after his mentor the popular dictator Omar Torrijos Herrera died in a plane crash. Panama's President Aristides Royo. 41 resigned from office last Friday. In a letter dispatched to the president of the National Assembly and read to the public. Royo declared that he could no longer early out his responsibilities. due to health problems that make a checkup necessary Shortly after his Vice President Ricardo de la Espriella. 47 was sworn in as his successor. Royo explained that a throat infection, had seriously hampered his ability to govern.

Few people believed him. As a former student activist and Minister of Educadon. Royo was regarded by the country's all-powerful National Guard as a potentially dangerous leftist, and the ex Presi dent was far from popular with Panama's private sector. The rightist guard leader ship had been grumbling especially loudly in recent weeks that changes in the government were long overdue even though Rovo's term in office was not scheduled to expire until 1984. In an interview three weeks ago. National Guard Commander Ruben Dario Paredes mused | Iwentyfour more months its a bit long. When Royo's decision to quit the presidency became known, there were few doubts that the National Guard had forced him to resign and that the country Torrijos had kept balanced between the extremes would now be tilting right. Panama, for the past decade one of the few stable nations in strife-torn Central America now faces a decidedly uncertain future

Soon after De la Espirella took the oath of office as interim President Commander Paredes ordered all Panamanian newspapers to suspend publication for seven days. He also suppested the resignation of all Cabinet ministers mayors and Governors until some are reconfirmed and others replaced. Among the ministers slated for replacement were the



Royo, left, with successor De la Espriella The source of power swings to the right

country's Attorney General and Comptroller General Paredes also suggested that there would be changes made in the composition of the country's Electoral Iribunal which oversees national elections. By no coincidence Paredes is expected to quit his post as National Guard commander to run for President in new elections within the year.

Paredes ambitions are not expected to encounter resistance from the new President. A Stanford-trained economist and head of Panama's National Bank until he became. Vice President in 1978. De la I spriella was regarded as a competent financial manager. He poses no threat to the dominant. Influence of the National Guard. Upon his assumption of office he quickly obeyed a summons to a niceting of the guard high command.

For all his current prominence. Paredes is not likely to emerge as Panama's new strongman. Behind him is Colonel Manuel Antonio Noriega, the chief of intelligence who is likely to become guard commander once Paredes resigns to start his election campaign. Noriega is considered a brutal militarist and ideological hard-liner who may ultimately surface as the most influential force in the country. All the musical chairs are now in place in the National Guard. Says a Western intelligence analyst. Now they have to

go through the façade of democracy

the latest shuffle understandably in Tspites little enthusiasm from Pana ma's seven chief civilian opposition parties. The civilians however appear to be cowed by the National Guard, and so far have uttered little outers. The day following Paredes announcements a spokesman for a four-party coalition including Panama's Christian Democrats made a bland statement noting with approval the possibility of Electoral Tribunal changes (that body has long been stacked with Torrijos appointees) and ministerial resignations Nonetheless Royo's resignation said the parties revealed the incapacity of Panama's National Guard dominated political system. The guard's grip on that system is likely to become if anything more blatant in the future

FRANCI

Haute Heist

Baron and Baroness at bay

There were few couples more chic in le tout Paris. He was the Baron Robert Augier de Moussac 48 haughty of glance with an apartment—where else on elegant Avenue Foch She was the American-born Baroness Stephania von Kories zu Goetzen still stunning at 47 with rooms on the Left Bank as grand as his They were seen everwhere, usually to gether in season at Ostaad or Cap d Antibes at other times in the toniest watering holes. Only recently the Paris magazine Official de la Countre et de la Mode had ranked them among the most



Accused duo in a Paris nightclub
How to get rid of all that whitering ice?

clegantly dressed members of the jet set. They may also turn out to be I rance's fanciest thieves it appeared last week as the baroness sat in a Swiss jail awaiting extradition, and the baron was hauled away from the Avenue Foch by I rench detectives. They were charged with possession of stolen goods—a king's ransom in jewelry taken from the Hotel Ritz last. October including a blue white 44-carat diamond ring worth \$2,500,000—a 6,65-carat pendant—a diamond-studded gold necklace carrings and a gold watch. Both could land in juit for 15 years.

The jewelry valued at \$5 million in all belonged to Mexican Businessman Hugo Salinas y Rochas 74 and his wife Marie Isabelle. Answering a knock on their second floor hotel-room door as they were dressing one evening they were grabbed by two young men carrying pistols who handcuffed them to bedposts (aped their mouths and then made off with the jewel ry which had just been brought up by the Salinas from the hotel sale.

Aware that fencing such easily identifiable ice would be difficult, the insurance company offered a \$300,000 no-questionsasked reward for the jewels. For eight months, nobody responded to the notices in Le Ligaro. Then the bait took hold I rench police were told that an intermehary was trying to make contact with the insurance firm. A meeting was arranged in the vault of the Swiss Bank Corp in Geneva. The insurance company's representatives at the meeting were actually undercover Swiss and French police. Who should arrive bearing stolen ring and pendant but the Baroness Stephania von Korics zu Goetzen. She was accompanied by two young men. Under questioning the trio fingered the baron as the instigator of their transaction

The daily Le Quondien de Paris called the caper the snobbiest heist of the year. The snobs who were implicated it now appears were desperate for money despite their luxurious appearance. The baroness had been living by candlelight in hei Left Bank apartment not for romantic reasons but because the power had been turned off for non-payment. The baron had survived by house-sitting for a rich Venezuelan woman on the Avenue.

A Case of the Jitters

The crown colony nervously assesses the future

ike a summer flu virus a wave of uneasiness has spread through Hong Kong lately Nervous businessmen fret over reports of an increasing outflow of capital Hong Kong's stock market always a notoriously volatile barometer of business confidence started to drop last week Rumors abound and raise the fever The source of the pitters uncertainty about Hong Kong's future as a crown colony and about the intentions of its giant neighbor the People's Republic of China In the midst of the unease recently appointed Governor Sir Edward Youde returned abruptly to I ondon for talks with British Prime Minister Margaret Thatchct. His mission to apprise I hatcher of the delicate problems she will face in negotiating Hoag Kong's future during a scheduled visit to Peking next month

As the Argentine invasion of the Lalklands focused attention on the vulnerability of Britain's protectorates. Peking was already actively seeking a formula that would grant the People's Republic some form of sovereignty over the British-held enclave on China's south coast. With only 15 years remaining on the Sino-British lease that covers 90% of Hong Kong's territory the so-called New Territories * many officials and businessmen feel that time is beginning to run out As Sit Sze-vuen Chung, a senior member of the colony's executive council put it Our continual economic prosperity [is] dependent on the confidence we and our trading partners have in the future of Hong Kong It is necessary that the future of Hong Kong be satisfactorily resolved as soon as possible

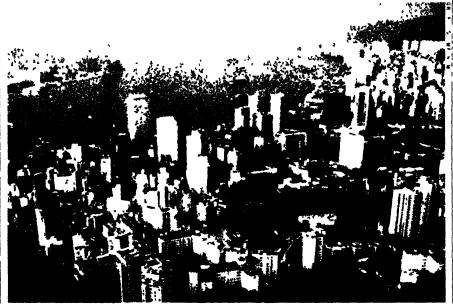
Though reluctant even to acknowledge a lease it does not recognize Peking this spring began inviting Hong Kong's Chinese leaders to air their views on possible resolutions concerning the colony. In June a delegation of Hong Kong luminaries was told by party Vice Chairman Deng Xiaoping that China's two basic goals were to 'retain Chinese sovereignty over all of Hong Kong and to ensure its prosperity after the lease runs out in 1997 Thus far Peking has unofficially floated at least one possible scenario the colony would be reincorporated into China as a 'special The city-state administrative region would somehow retain its own laws, legislature and currency Another variant, suggested by a Hong Kong Chinese businessman, would adopt a revolving system of Chinese and British Governors under general Chinese sovereignty

Neither alternative has received public support in Hong Kong 'The notion of dual role would prove unworkable 'says Peter Harris head of the political science department at the University of Hong Kong Let's not be mealymouthed about it China is a Leninist state in which the party rules. That is totally opposite to the nonideological thinking of Hong Kong Many businessmen fear that a dominant role by Peking could scare off potential foreign investors. I hough there is little affection for Britain among Hong Kong's overwhelmingly Chinese population at least two-thirds of the colony's 5.5 million residents would prefer to remain under a British administration

In addition to the queasiness stirred by Peking's new initiatives. Hong Kong busi-

amount to de facto Chinese acceptance of the old treaties. Most analysts believe Peking must be allowed symbolic political concessions if Hong Kong is to survive as a booming free marketplace. But there is serious potential for miscalculation on both sides. The British could force Peking into an unyielding stance by taking too tough a line on Chinese sovereignty Chinese leaders by demanding too great a political and economic role could leave the British no choice but to withdraw effectively destroying Hong Kong's economic climate Some Hong Kong businessmen are afraid that the Chinese will overplay their hand Says one Some People's Republic officials seem to believe they could somehow have a Communist administration and a capitalist economy. They don't understand what makes this place tick

Others doubt that Peking would jeopardize its lucrative trade relations with Hong Kong The colony currently provides China with about 40% of its yearly foreign exchange earnings by importing



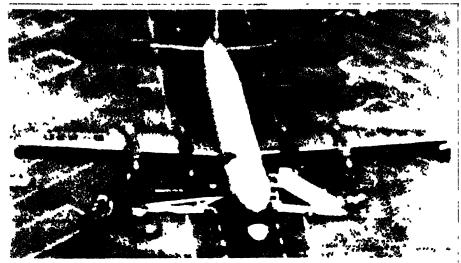
View of Hong Kong: a widespread feeling that the British must act to fashion a stable future
Rumors of financial malaise many of them unfounded abound in the colons

ness leaders have another concern the socalled 15-year psychological barrier They have long argued that business confidence would begin to fall off 15 years before June 30 1997 the expiration date of the lease if no new agreement ensuring Hong Kong's future had been reached The reason most long-term mortgages on investment properties in Hong Kong extend over a 15-year period and Cassandras fear that investors will shy away from any prospect of instability. The prophecy may have become self-fulfilling. In a recent poll of 545 Hong Kong business executives 44% felt the issue of Hong Kong's future should be resolved by the end of this year Said a young Chinese executive. If Thatcher comes out of Peking in September without solid evidence that she's made progress I think we ie in trouble

Extending the lease is not seen as a viable option if only because it would \$5.5 billion in food and raw materials in addition to generating another \$2.5 billion for the mainland through Chinese banks investments and tourism. Moreover a smooth resolution with the British over Hong Kong might ease tensions with Taiwan possibly leading to an eventual rapprochement in Pel ing's long-simmering struggle with the Nationalists.

The British government is keeping its plans for negotiations this fall under tight wraps. I hatcher has already made it plain that she hopes to consolidate our good relationship with Peking and promote British trade during her visit to the People's Republic. In doing so the Prime Minister and Peking officials will face a dainting task to devise a framework that will both satisfy the Chinese and shore up confidence in Hong Kong's future. —By Russ Hoyle Reported by Ross R. Munro/Hong Kong.

^{*}The People's Republic has never recognized the legitimacy of the 189x Convention of Peking by which officials of the Qing dynasty signed a 99-year leave on the 173 sq. in: that constitute the New Territories. Nor does Peking officially recognize earlier treaties permanently ceding Hong Kong Island and Kowloon to Britain.



Damaged Chinese CAAC airliner after safe landing at Shanghai airport

HIJACKING

Mid-Air Melee

A takeover attempt is foiled

The flight of the Soviet-built Ilvushin II-18 from the ancient imperial capital of Xian had been uneventful and the crew of the four-engine Chinese airline CAAC turboprop was about to land at Shanghai The 72 passengers including 19 American tourists and ten Japanese had passed the two-hour flight napping sipping soft drinks and chatting. Then the quiet was abruptly shattered. Wielding knives and what appeared to be sticks of dynamite five nervous-looking youths jumped up from their scats. I wo took up positions at the entrance to the rear passenger compartment scaling it off The other three ran forward burst into the cockpit and demanded that the pilot divert the plane to Hong Kong for refueling and then to Taiwan where the hijackers apparently hoped to gain political asylum

Thus began one of the more bizarre episodes in the history of international air piracy. It was the first attempted hijacking of a Chinese airliner to be officially acknowledged by the Peking government and one of the few instances anywhere in which flight crew and passengers banded together to subdue the airborne teriorists. Said one shaken American passenger after it was all over. It was awful awful. We thought we were goners. There were five crazies up front. What was there to do but try to stop them?

Initially at least the hijackers seemed in tirm, if feverish control of the plane. After taking their stations one of them ran screaming up the aisle brandishing knives in both hands while another planted explosives in the lavatory located at the center of the plane. In the cockpit a third hijacker held a knife at the pilot's throat while crew members attempted to reason with their captors. For more than two hours the pilot. Captain Yang Jihai circled the Shanghai airport after successfully persuading.

the hijackers that he had changed course for Hong Kong

With fuel running dangerously low the co-pilot and other crew members managed to talk the increasingly jumpy hijackers into allowing them a trip to the lavatory. As they did so, they quietly enlisted some 15 Chinese passengers in a makeshift assault team. Returning to the forward cabin a steward suddenly attacked the hijacker maining the cockpit entrance wresting away his kinfe. The plane banked sharply to throw the other hijackers off balance while passengers with bottles mops umbrellas and belts as weapons set upon the hapless youths. Another steward, armed with a fireman's axfelled one of the hijackers with a blow to the body

During the melee one hijacker managed to detonate the explosives in the plane's midsection blowing a 3 ft by 5-ft hole in the fuselage. Yang who had cut one engine to conserve fuel suddenly felt a second one cut out putting the airliner into a steep dive. Recalled Ronald Roth a high school guidance counselor from Hunterdon. N.J. We were all prepared for the crash. We could see the airfield coming up on us rapidly but somehow the pilot. God bless him pulled the plane up and brought it in safely. I veryone was dying a million deaths.

The airliner hit the runway with such force that two of the landing wheels blew out Several crew members and at least three passengers sustained minor cuts and bruises during the mid air struggle but the rest though badly shaken were unhurt. The terrorists fared less well. All five. were badly beaten and three of them were unconscious on landing. One lay in a pool of blood his head severely injured Roth claimed that at least two were dead as doornails. Said another member of the tour group. They didn't carry them out they dragged them out feet first. Chinese officials denied that any of the hijackers had been killed. But that may be a small consolation under Chinese law they can be charged with counterrevolutionary

DIPLOMACY

Peking Overture

"Dear Brother" in Taiwan

The letter was cabled directly from Peking to Taiper Dear Brother it began courteously then went on to refer to our childhood friendship and the need for another get-together. On the surface, it was a private communication, a personal note from one old friend to another men who had not seen each other since 1946 in Nanjing before the Communists took over the Chinese mainland. In fact, it was much more than that. The two friends were I iao Cheng/hi 73 a vice chairman of China's National People's Congress and Chiang Ching-kuo 72 the President of Taiwan. The note made public last week appeared to be an attempt by Pc king to revive a campaign to begin a dialogue on reunification of the two Chinas and to encourage an end to US aims sales to Taiwan

While I iao's letter was printed on the front pages of Peking newspapers. I alwan's public stance was that it was never received. Explained a Foreign Ministry official. We do not maintain any postal or telecommunications links with the Chinese Communists. All communications are returned. Focal papers in Taiper did not mention the letter but instead played up the defection of a Chinese tennis star. Hu Na. in California and the attempted hijacking of a CVAC airliner from China to Taiwan.

Aside from an offer by I iao to visit Taiwan for talks, the letter contained no ! new initiatives. Nor did it repeat earlier Peking assurances that Taiwan would retain a high degree of autonomy after unification and could keep its armed forces Most observers agree that Peking really does want to discuss reunification now for fear that the next generation of Taiwanese leaders will not have strong tics with the mainland. As the letter pointed out It would be easier to talk the matter over when leaders on both sides used to be schoolmates and close friends who know one another well. Time does not wait for us



Peking Letter Writer Liao Chengzhi
Officially at least it never got there

Thach, Go Home

A chilly ASEAN reception

ike a tourist who had found the accommodations uncomfortable the weather terrible and the food tasteless Viet Nam's Foreign Minister Nguyen Co Thach was probably glad to get home again last week. Making his first rounds in two years of some of the five Association of Southeast Asian Nations (ASEAN) members -- Singapore Malaysia Indoneala Thailand and the Philippines-Ihach had spent a fortnight spreading Hanoi's message of peace and good will But from Singapore to Kuala Lumpur to Bangkok (with a side trip to Rangoon) talk of peace and accommodation was largely drowned out by disagreement. In the end. Thach left with perhaps less good will for Viet Nam than had existed before his visit

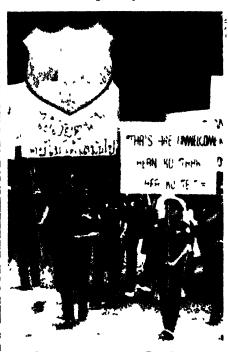
Unlike the unlucky tourist the sophisticated and normally charming. Thach had in part himself to blame. His principal aim had been to lessen tensions between Viet Nam and ASI AN over Cambodia where the 31/2-year-old Vietnamese occupation continues despite ASI AN's call for a complete troop withdrawal followed by free elections. Not only did the distance between views not diminish during. I hach's talks but he exacerbated the situation by expounding positions on Cambodia that were at once vague and hard-line.

Hanor Thach insisted could not totails withdraw its forces, which support the Vietnamese-sponsored Phnom-Penh government of Heng Samrin, as long as China continues to back the ousted Khmer Rouge regime But Viet Nam he said had at least sent six units home The partial withdrawal that I hach talked about had turned out to be a largerthan-usual troop rotation that in fact added 20 000 fresh soldiers to the 180 000man Vietnamese force in Cambodia A French correspondent who journeyed to Ho Chi Minh City (formerly Saigon) to witness the return of the six units of unspecified strength which Hanoi later claimed had been hailed by large crowds saw neither soldiers nor crowds

I hach's ASI AN hosts were also skeptical about prospects for a conference conceived by Viet Nam, Cambodia and Laos last July, to discuss regional problems with mutual respect and nonimposition of one party's views upon the other. Although Cambodia temains the most urgent regional problem. I hach was adamant that it could not be discussed. Nor could the recently founded Cambodian coalition of Prince Norodom Sihanouk Khmer. People's National Liberation Front Leader Son Sann and the Khmer Rouge's Khieu Samohan attend.

Moreover maintained Thach warming to his subject in a private chat in Singapore with Foreign Minister Supphiah Dhanabalan ASEAN support for the Sihanouk coalition was tantamount to internal interference in Cambodia Hanoi he

warned, might retaliate by supporting local insurgents in ASEAN countries and permitting Vietnamese forces hot pursuit of Khmer Rouge guerrillas into Thailand When Dhanabalan publicly charged that Thach was issuing veiled threats I hach called a press conference to refute the accusation. Instead to his hosts amazement he repeated his warning. The joint venture for setting up the so-called coalition government is a bad precedent. If they can do such things, we can do the same. We have the right to self-defense. When Thach reached Bangkok he was greeted by demonstrators waving placards saying 60 HOME OR GO TO HELL The That Foreign Minister Air Chief Marshal Siddhi Savetsila found Thach's position so threat ening and boastful that he dispatched a deputy for the customary airport welcome instead of greeting Thach himself



Anti-Thach demonstrators in Bangkok *Disagreement drowned out the good will*

When the trip was over. Thach had failed in his basic purpose -- to end the diplomatic isolation the Cambodian venture has created for Viet Nam. They want to legitimize the regime in Cambodia said a US State Department analyst and make people quit thinking about their occupation Maintaining large forces in Cambodia adds to Viet Nam's painful economic buidens. Ha nois balance of payments deficit at the end of 1981 was \$240 million vs foreign exchange reserves of only \$16 million Viet Nam is in arrears on several Japanese loans and has been unable to reschedule a \$1.3 billion debt to a range of creditors that include Western nations India and Middle Last and African oil countries When Hanoi recently applied to the International Monetary Fund for \$150 million in special drawing rights it was turned down

Love Fest

Gandhi woos the US

very journey is an adventure And I can say that this one is an adventure in search of friendship and understanding So saying, Indian Prime Minister Indira Gandhi, resplendent in a maroon-and-beige silk sari at a White House ceremony last week caught the spirit of her first official US visit since 1971. Her mission, to ease a decade of tension and distrust between Washington and New Delhi A beaming Ronald Reagan seemed eager to reciprocate Recalling that Gandhi once said that national interest should be defined in terms of harmony and stability in the world the President added 'That can serve to describe the foundation of the relationship between the United States and India

Gandhi's U.S. visit was a largely ceremonial exercise in letting bygones be bygones. She began her whirlwind tour with lunch at New York City's Metropolitan Museum of Art. Then she called on Secretary-Ciencial Javier Perez de Cuellar at the U.N. where she dedicated a sculpture of Surya, a Hindu sun-god. In Washington she met with Reagan and with Secretary of State George, Shultz, and she attended a White House dinner in her honor.

Reagan mindful of U.S. security concerns in the Indian Ocean carefully nurtured Gandhi's new-found friendliness Indeed the high point of her visit was a timely announcement that the two governments had removed a longstanding irritant in US-Indian relations a US congressional ban on the shipment of enriched uranium to fuel India's Tarapur reactor near Bombay. The two sides did not so much resolve the issue as finesse it by agreeing that France instead of the U.S. would provide the uranium. In return. India pledged to honor a 1963 agreement providing for international safeguards and inspections

Even the US Congress provided a fortuitous luster for last week's atmospherics when it passed legislation that would open up an eventual \$1 billion in new military sales to New Delhi. The arms deal the Administration hopes will help wean India away from its principal weapons supplier the Soviet Union.

That may have been on Gandhis mind as well. In seeking rapprochement with the U.S. the Indian Prime Minister may also be trying to boost her standing among nonaligned nations that unlike India have condemned the Soviet occupation of Afghanistan Still some problems remain Gandhi is unhappy about US plans to sell I -16 jet fighters and provide some \$3 billion in assistance to Pakistan In addition the Prime Minister would like to secure further US aid (about \$200 million for the current year) for her country's chronically overburdened economy. Last week's brief love fest did not settle those issues but it seemed an auspicious beginning



A new form of occupation: British military vehicles parked along Ross Road in the Falklands capital settlement of Port Stanley

TALKLAND ISLANDS

Saved but Still Fearful

With the war over, residents worry about a new invader—the outside world

During the fierce short war between Argentina and Britain over the Falkland Islands 11M1 Caribbean Bureau Chief William McWhirter covered the combat from Buenos Aires Fast week McWhirter was one of the first Imerican journalists to be allowed by the British to visit the islands and to observe the changes many unexpected caused by battle and its aftermath in what had once been one of the most unchanging and neglected corners of the world Histeport

he invasion is now complete. Not this time by a conquering and hos tile foreign army nor by the remaining British garrison of 4 500 troops who have dwarfed and engulfed the capital if in a good-natured and well-meaning way. This time the invader is an even more threatening and less welcome presence- the outside world. The Talklanders who had created a kingdom of simple but idvllic make-believe now fear that the war and its aftermath will make reality a permanent visitor to their islands "We used to talk about it during the occupation says Gerald Cheek a thirdgeneration Falklander who was interned When the British come during the war there's going to be a hell of a party. Well the party never happened

The Falklands of course are no longer far away and forgotten. Their whimsical place names such as Teal Inlet Goose Green Bluff Cove and Two Sisters are now recognized as battlegrounds San Carlos Bay became famous as 'bomb alley'. The tighting between one army fleeing and one pursuing across Fast Falkland has left the casual litter of war gullies and ravines filled with the carcass-



British sapper preparing to set off bombs; blowing up rockets the Argentines left behind



es of crashed choppers and camouflaged trucks thousands of rounds of unexploded ammunition and fat 500-lb and 1 000-lb bombs wallowing in the soft earth like beached whales. Many of the small cottages with their brightly painted trimming window boxes and hothouses were angrily savagely violated by the frustrated Argentines. Their floors are deep in mud cupboards torn from the walls furniture smashed, dishes broken, and even children's toys crushed.

One act of descration was cruder mines sown indiscriminately around the capital and the smallest settlements. Perhaps 12,000 such mines some plastic and hard to detect some as small as 2 in or 3 in wide were buried in the fields and beaches around. Port Stanley and another 4,000 in t.n.y. Fox Bay on West Falkland British explosives experts hope to have the town areas cleared by October but the farming regions not for another year and the outback not for years beyond that

For the Falklanders who have grown up with the freedom of a population of 1 800 that was able to roam and explore mountains and valleys of white grass in an area roughly the size of Lebanon the new danger has imposed a form of rare confinement Their days used to be spent in their gardens and in the peat bogs, where they wind-dried the islands source of fuel for their stoves 'Peat has become a way of life to us says the Rev Harry Bagnall Port Stanley's Anglican vicar 'There are times of the year when the only thing we talk about is our peat. Now the small but precious freedom of being able to gather peat has been denied by the mines People anticipated having to repair buildings and fences after the fighting says John Heonard a longtime US resident of the islands, but the confinement is really tragic. The ground gs poisoned

The dangers are not exaggerated three British soldiers have already lost limbs in clearing out the mines Almost daily the small houses on the hillsides of Port Stanley shake and their windowpanes rattle as the engineers detonate more finds

By contrast the weeks of alien occupation seem to have left the Falklanders with more anecdotes than scars. The islands produced their own heroes during the war There was Terry Peck who guided the British patrols on their first reconnaissance missions. And Midge Bucket who became Port Stanley's one-woman complaint Msgr Daniel Spraggon and rescue squad. And Tim Dob-

byns who risked his life to travel all night to Port Stanley to deliver the news that all 114 inhabitants of the Goose Green settlement had been interned in the church hall by the Argentines

Perhaps no one was more resourceful however than Msgr Daniel Spraggon pastor of St. Mary's in Port Stanley. He parlayed a combination of Catholic power and skillful play-acting into a number of successful ploys against the Aigentines The priest's most effective moment may have occurred when houses in the capital came under fire at night from fittery sentries enforcing the curfew. Old Mary Hill's house was fired up says Msgr Spraggon then Stella Perry's and Stan and Daphne Cletheroes The crunch came however when the rectory received 27 rounds one night. The next day Spraggon put on his robes and stormed into the Aigentine military headquarters. Now you've really done it he thundered How are you going to settle this with Rome' What would Craltieri have said if you had shot a priest? As a result the fire-ups came to an end

There were other forms of protest Patrick Watts who runs the Lalkland Islands Broadcasting Service sharpened his sarcasm by reading Argentine-supplied news broadcasts such as the assertion





Civil Commissioner Rex Hunt

that the carrier Hermes was running out of fuel that there was a mutiny aboard the Invincible and that the British were hold ing an emergency training exercise in Brazil for their until troops. Everybody here just curled up and laughed says Watts They thought it was a great joke The Argentines finally turned off the station's transmitters after accusing Watts of playing God Save the Queen and It's a Long Long Way to Inpretary

Ithough the Aircntine invasion only instilled in the Lalklanders a deeper sense of suspicion and dislike of the Argentines the islanders often displayed sympaths over the plight of individual soldiers. The islanders fed hungry Argentines at their back doors passing out sweets and cigarettes. I caught the fear in their eves - says Msgr Spraggon One soldici violated the curfew one night to see me and just broke down and cried and cried. Son: I told him you just civy you repoing to be better afterwards

The Falklanders have been far less resourceful even somewhat helpless an coping with the arrival of the British forces The soldiers have filled nearly every house in town up to the attic drying their uniforms across backvard clotheslines

They have occupied the town gymnasium and sleep on the floors of the courtroom and the town magistrate's office. They even come into the kitchens of the tin and clapboard sea-front houses to take tea from their adopted mums like loving sons

Many of the residents now feel oddly useless and urelevant on their own islands. They feel unable to convey their mixed feelings of gratitude and frustration to the troops as they again assume the role of a submissive population. I had to watch myself the other day says one Port Stanley resident. The soldiers thought they were being helpful by burning up my wood boxes. They thought it was rubbish. They don't understand how important everything is to us here. Wood is too ex-

pensive to burn. Snaps one housewife whose small cottage now contains nine soldiers. You have to bite your tongue from thinking they liberated us so we could wash their laundry and clean their plates. I wonder who is going to rescue us from them?

Broadcaster Watts is one of the few islanders to discuss the dilemma openly British ships and the British military presence is something we have always wanted here. Now we must decide whether we can carry on our lives underneath all this British pressure or whether we revert to the way of life we had before with the same dangers. It's no good saving we can forget about the Argentines We can't. The military have taken over our airport. We are going to have to learn where this leaves us and where this is going to take our futures

The former British Governor Rex Hunt who returned to the Falklands under the new administrative title of civil commissioner last week donned his red tunic with the silver braid and put on his hat with the ostrich-feather plumes to open the first postwar session of the legislative council. He puckishly paraphrased Winston Churchill to thank the British liberators. Never in the course of haman conflict has so much been owed by so few

A shepherd pauses by a British Sea King helicopter on Goose Green, young sters sit atop the grave of a British soldier





to so many 'Says an admitting islander of Hunt "He knew us before, he knows our problems he knows the way of life we had before and he knows the way of life the people want '

"The most immediate problem for us" admits Hunt 'is to find a way to preserve the quality of life here under all these pressures There is still some confusion and bewilderment about the immediate future" Not surprisingly Hunt is more optimistic than most of the islanders about where that future is going to lead. He enthusiastically outlines a new road system throughout the islands incredibly there is now of roadway in the entire colo-

ny There are proposals for expanding the crude wool industry to include knitting mills and building abattons for the Falklands unutilized cattle and mutton (some 23 000 sheep carcasses are thrown away each year because of a lack of markets) Some islanders also hope to open up new grazing lands market such island delicacies as upland geese sea trout salmon and crabs and develop the Falklands seaweed beds

None of this speculation includes an oil miracle 'Every indication is that oil finds would be forthcoming says Hunt somewhat cautiously. A newly published British government publication however more brightly quotes the US Geological Survey estimate that the area could provide more than nine times the oil believed to lie under Britain's North Sea making it the largest untapped resource in the world' Boasts Hunt Out of Galtieri's folly there can be a better and brighter future for the islanders. They should be able to cash in on the name that the Falklands now has

The islanders are less certain Economic development could further change their way of life So far they have been given no figures from the British government for such aid let alone what sums may be available for war damages seven houses were totally destroyed and 80 shot up in the capital mostly by the British navy Nor is there any escape from the

fears that the Argentines may attack again or that a future Islanders attend a town meeting in Port Stanley's gymnasium Butish government might hand the islands over to Argentine sovereignty anyway Savs Gerald Cheek Quite a lot of people have talked about moving away myself included

The islands population cannot withstand any large-scale defections without collapse although only 100 Falklanders appear to have left during the entire war Hunt claims that just two families are applying to leave permanently, but the ten-



a total of only some eight miles. British soldier Joins in evensong in Christ Church Cathedrai

sions have already surfaced dividing famthes that stayed in the capital during the occupation from those who retreated' to the outlying settlements

ven the presence of so many eligible bachelors among the British troops seems worrying to the islanders We had a lot of problems with the Royal Marines here before savs Cheek We lost five girls one year There has never been a year when we didn't lose one or two. You can't afford to lose them. not with a small population like this one Says a resident. One isn't hearing talk of leaving but you know damn well they're thinking it

An even less kind truth of course is that Falkland Islands life had already begun to slide away from its idyllic memories long before the Atgentine invasion The occupation in fact, may even have served to awaken the islanders to the already present dangers. The Falklands population had continued to decline over the past decade as the uncertainty over and escalation of Argentina's claims grew. The political insecurity also served to dry up new investment

There were other signs of less satisfaction with the simple life Divorce and alcoholism became persistent social ailments in recent years the islands divorce the ran as high as 50% among new marriages Although Falklanders as before, leave their doors unlocked at night the islands experienced two murders last year their first since a celebrated case in 1900 when a black cook successfully turned a seal-hunting rifle on two white tormentors

So far even the most thoughtful islanders have found few answers to the problems posed by the future Says Stuart Wallace 27, an ex-islands councilor and sixth generation kelper who is mairied to an Argentine 'I'm emotionally tied to these islands. The point has been made that Britain will defend us, but our situation isn't any better than it was It would be marvelous to have a brave new world even a nice new is-

land but I'm pessimistic that this is the place I am going to be able to raise my family in

As a possible start, one of the islands heroes and their most energetic councilor Terry Peck called his own town meeting this week in the local gym, the first since the ending of the Falklands was Although it lasted for two hours most of the 100 townspeople who turned out were silent as proposals were offered for increasing the islanders, local legislative control allowing residents to buy land from the Lalkland Islands Co. which controls 46% of the region and having a greater say over the teachers and contract workers sent out from Britain Indeed the evening revealed long-simmering resentments against the British Is there anything we can do about the same colonial administration that we disliked before that is now back? asked Donald Davidson who runs a tourist guesthouse in Port Stanley

There was unanimous applause however when Peck resolved that we have no more to do ever with the Argentines Wearing a monogrammed ER on his dark blue blazer, he finally appealed I m disappointed at the turnout and disappointed you don't have more to offer about our future. I want to get some punch into these islands

That determined attitude may still be a way of uniting the individualistic and de-

> tiant islanders after all They may even get around to having that party celebrating the coming of the British and the ending of the fighting Promises Magistrate Harold Bennett 65, who had retired after 36 years on the job only two days before the Argentine invasion and who is now back on his old job The Falklands are going to have their 150th anniversary next January We are going to have a bit of a celebration if only because the Argies said it would never happen



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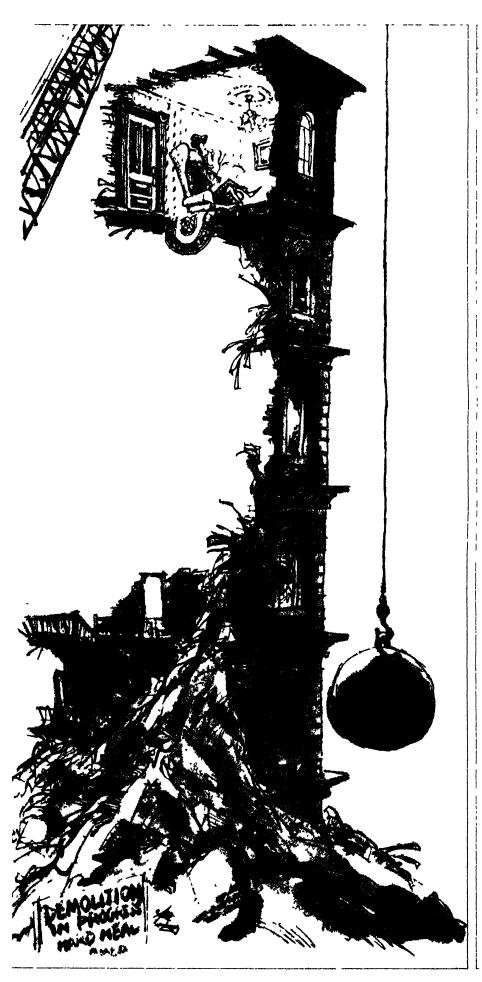
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United States

Politics Over Reason

A fragile budget deal threatens to collapse

President abruptly breaking an agreement with Congress and chasing the wispy dream of a constitutional amendment that would magically balance future budgets. Democrats in the House playing irresponsible politics and offering no alternative proposals. New and credible forecasts of astounding federal deficits. A midyear Administration economic report too rosy to be taken seriously on Wall Street.

All told it was another rough week for the already battered US economy I ven as the prime interest rate was inching down toward 15% the Ticasury Department announced that it would need to borrow nearly \$100 billion in the last half of 1982, an escalation it had not foresech only three months ago. That competition for limited available capital is likely to keep interest rates high. The latest economic indicators, which for two straight months had pointed toward a possible recovery turned ominously flat. Worse yet the painfully constructed underpinnings of Ronald Reagan's fragile 1983 bipartisan budget deal were in danger of falling to the wrecker's bail. The bickering between congressional Democrats and Republicans and between leaders of both parties and the President threatened to defeat a much needed tax increase and permit passage of budget-breaking bills. If those two events occurred the whole budget process could come tumbling down

The economic uncertainties increased despite the President's plea in a TV press conference for Americans to exert enormous effort and patience as slowly and surely were working our way back to prosperity. Reagan abandoned his cheery forecasts of the past Still he contended that were going to see an improvement in the second half of this year.

The public however, has already been unusually patient with the President on economic matters. When he took office 18 months ago his own pollsters found

that most Americans agreed that he would need roughly 18 months to turn the economy around What is more surprising the latest independent polls show that most Americans are willing to give him yet another 18 months to produce results This tolerance is based on Reagan's winning personality a widespread belief that past policies have failed and a valid feeling that no one is strongly pushing alternatives to the President's policies

Reagan inspired scant confidence by using his press conference to get a little more publicity for the American people to urge their Congressmen to adopt the constitutional amendment' requiring a balanced budget (see ESSAY). One reporter had an apt question | Aren't youl presiding over the biggest budget deficit in history and telling the American people in effect. There ought to be a law against what I'm doing? Reagan insisted fairly enough that the big budget deficits cannot be laid solely at an individual's then he turned the question door around asking of his Democratic critics Why don't you give us what we've asked for? Why don't you give it to us now and let's see how big the deficit will be

Actually if Congress had approved Reagan's original request for a 30% tax cut over three years starting Jan. 1, 1981. instead of the 25% reduction that began 1 nine months later, the deficit would probably have been much larger. That is because the Lederal Reserve's tight money policy designed to curtail inflation has kept interest rates high and thus offset the intended stimulus of the tax decreases. At the same time. Reagan's insistence on a record buildup in military spending has roughly nullified the nondefense cuts he had sought

Alice Rivlin director of the Congressional Budget Office, predicted last week on Capitol Hill that the 1983 budget deficit will be at least \$140 billion only last April the Administration had placed this imbalance at \$1019 billion. Moreover Rivlin estimated that deficits in each of the following two years could run as high as \$160 billion. The Administration in I ebruary had projected declining deficits of \$82.9 billion in 1984 and \$71.9 billion . in 1985

whin agreed with the Administration that there could be some recovery later this year but predicted that it would not be vigorous as long as the deficits prevent a decline in interest tates. Appearing before congressional committees for the second week in a row Federal Reserve Chairman Paul Volcker said Rivlin's estimates were no surprise to us' Even Treasury Secretary Donald Regan conceded that Rr lin's projections had been reasonably good in the past

The Office of Management and Budget however issued a midyear economic report that was decidedly more upbeat i than Rivlin's forecasts. The OMB placed the 1983 deficit at \$115 billion. It predicted that unemployment will drop from its current 95', to 8', by the end of 1983

while inflation-adjusted economic growth will run at 4.4%. Most outside economists see at best only a 33% rise. Such differences look small but each increase of 1% can result in a net revenue gain to the Government of about \$10 billion

oth the Rivlin and Volcker projections assume that the \$98 6 billion tax increase for the next three years passed by the Senate will be enacted by the full Congress, and that spending will be held within the limits agreed to by the President and the Congress in June But at his press conference Reagan angered congressional leaders of both parties by insisting that he will observe only the military spending ceiling set for 1983. He said he would abide by overall spending targets set for 1984 and 1985 but not necessarily those for individual programs Previously Reagan had agreed to cut \$16 billion from the huge increases in defense spending that he had proposed for 1984 and 1985. If these reductions are

them to support unpopular budget cuts

The tax bill pushed through the Senate by Baker and Senate I mance Chauman Robert Dole of Kansas increases cigarette telephone and air-travel taxes calls for the withholding of taxes on interest earned from savings accounts and dividends paid on stocks, and shortens the holding period on property qualifying for lower capital-gains tax rates. It slices in half the so-called three-martini-lunch deduction for business entertainment (see I CONOMY & BUSINESSI

House Democratic Ways and Means Chairman Dan Rostenkowski last week persuaded the Democratic-controlled House to take an unprecedented step on this legislation instead of debating of amending it the House agreed to go directly into a conference committee with the Senate to shape a final tax bill that would have to be voted on by both chambers Ostensibly Rostenkowski was speeding up the measure and preventing it from being nibbled to death on the scrapped nondefense spending will pre- | House floor. In reality he wanted Demo-







Rostenkowski

CBO's Alice Rivlin

Federal Reserve's Volcker

Can a projected \$115 billion budget deficit be understated?

sumably have to be slashed even more

The Reagan statement could not have been more poorly timed. Senate Majority Leader Howard Baker said publicly that he was disturbed by the President's comments, and one of Baker's aides said privately that his boss was just furious Oregon Republican Mark Hatfield chairman of the Senate Appropriations Committee said that a Reagan refusal to abide by the ceiling would be a complete breach of faith. Democrats were even more outraged Senate Democratic Whip Alan Cranston of California accused Reagan of loneging on his agreement on detense spending

That bitterness was injected into the already emotional struggle over the Senate's record peacetime revenue-raising bill and the appropriation measures now moving through Congress under a selfimposed mandate to restrict spending for 1983 to below \$770 billion. On both matters. House Democrats were playing cynical political games. With the fall elections approaching they were mostly concerned with blaining tax increases on the Republicans while also forcing crats to be completely insulated from it The risk he ran was that the tax bill could die if Democrats did not eventually support it in the House and then they would have to accept the blame

On the appropriations bills, however House Democratic leaders took an opposite tack. Instead of agreeing to Republican demands that funding be voted as a single package, thus shielding the legislation against similar pressures to delete or amend specific cuts. Speaker Tip O Noill insisted on a series of funding votes. In reality the Democrats want the tax hikes more than the Republicans do and the Republicans want nondefense budget cuts more fervently than the Democrats do GOP leaders suggested that their followers might not vote for the tax bill if Democrats will not openly push for the spending cuts. If the tax increase died or spending limits were exceeded the result could be a recovery-blunting deadlock with a veto-wielding President. In that tight everyone including the American public would wind up By Ed Magnuson Reported by David losers Beckwith and John F. Stacks/Washington

United States

Overcoming the Doubts

The Administration makes its pitch for aid to El Salvador

hen Thomas Enders Assistant Secretary of State for Inter-American Affairs, appeared before the House Foreign Affairs Committee last week to present the case for continuing economic and military aid to 11 Salvador he was in a difficult spot. Under a measure enacted late last year the Administration must provide Congress formal certification every six months that L1 Salvador is improving its record on human rights and expanding economic benefits to the poor in order to maintain foreign aid to that strife-torn nation. But reports had reached members of the committee that human rights violations were still taking

suggests that the most serious violations are on a slow downward curve."

On the issue of land reform, the report danced over tricky political ground Admitting that the country's newly elected Constituent Assembly led by its rightwing president Roberto d'Aubuisson has tried to undermine the reform laws, the study nonetheless contended that 10 000 provisional land titles had been handed over to former renters and sharecroppers in the past six months. President Magaña moreover has led a campaign to return the land to farmers illegally evicted from their new holdings since June according to the report some 2 000



Salvadorans gather around the bodies of three civilians shot by the National Guard last April Statistics nevertheless show a drop in the most serious human rights violations

place Enders thus made a careful pitch Arguing that the Administration was by no means blind to the faults of the San Salvador government, he nonetheless insisted 'We believe the facts amply justify the certification required by law. Progress is married but real

The 48-page certification document offered no grounds for unalloyed optimism. The report admitted that the overall improvement 'has not been as great as hoped, and that serious problems remain. On the issue of human rights the report claimed that the government of President Alvaro Alfredo Magaña is making a concerted and significant effort' to curb violations. The study presented statistics from five sources showing that the number of civilian deaths from political violence has dropped considerably Said Enders. All available evidence

families have returned to their farms.

But some Congressmen remained skeptical Democratic Senator Christopher Dodd of Connecticut blasted the certification report as a sham arguing that it would give a green light to Salvadorans to do anything they damn well please. Democratic Representatives Fom Harkin of Iowa and Gerry Studds of Massachusetts announced plans to introduce a resolution in the House that would declare the Administration's report null and void

The Administration's case was not strengthened by the disclosure last week of the brutal torture of a Salvadoran volunteer to the Green Cross an international relief agency. The worker had been arrested by Salvadoran security police on charges of providing supplies to the guerrillas. Imprisoned for several days in a secret, soundproof

from at police headquarters in downtown San Salvador he was stretched on a rotating wheel beaten severely and forced to swallow lime. The victim was also strung up by his hands and feet while his genitals were squeezed in a wire vise.

After he was released and after reports of the torture reached the US mission in San Salvador, Ambassador Deane Hinton formally complained to the Magaña government. Despite credible reports of other incidents involving torture. State Department officials nonetheless insisted that the excesses of Salvadoran security forces are not what they used to be Indeed there is statistical evidence that the human rights situation in El Salvador is improving. According to figures collected by the Jesuit-run University of Central America in San Salvador the number of civilians killed both sides has dropped from 5 175 in the last half of 1981 to 2 658 in the first six months of this year

he political picture in San Salvador has also brightened. After alternately backing and resisting the previous Christian Democratic government of Jose Napoleon Duarte, the Salvadoran army now seems to have lined up behind both the new coalition government and land reform I qually encouraging to the Administration, the nation's three major political parties (the Nationalist Republican Alliance the Christian Democrats and the National Conciliation Party) are working together in a pluralist government rather than simply sniping at one another. For the latter achievement in particular much of the credit appears to belong to Magana a US-educated economist who assumed the role of political broker when he was appointed to the presidency last April I spend hours and hours listening to the party leaders says Magaña I don't need the Nobel Prize for Peace I already have the Nobel Prize for patience '

US embassy officials in San Salvador who publicly claim to find the certification hearings in Washington an annoyance admit in private they are providing a measure of pressure on San Salvador to stay on the road to reform. For there is a carrot as well as a stick with its latest ceitification, the Administration earns the right to dispatch the remainder of the \$81 million in military aid earmarked by Congress for El Salvador this fiscal year and to press for the \$61.3 million in aid requested for fiscal 1983 Meanwhile El Salvador remains a country under siege though the large turnout at the March election dealt a severe blow to the morale of the leftist guerrillas, the insurgents regrouped and launched a new offensive in June The fighting now sputters along, with the Magaña government and the Reagan Administration hoping that the gradual reforms will rob the guerrillas of the issues that helped feed the revolution in the first place --- By James Kelly. Reported by Johanna McGeary/Washington and James Willwerth/San Salvador

Learning the Preferences and Quirks of Power

tucked a hand-penned message into Jimmy Carter's evening reading "to keep the personal touch" In secret deliberations when the tide seemed to be running against the interests of President Kennedy or Johnson Secretary Dean Rusk often would scribble a short plea on note paper and slip it unobtrusively to the man beside him The message "Don't make a decision now, Mr President Let me see you later" Henry Kissinger had a pact with Gerald Ford to meet at least a half-hour every working day the two were in the same city "It could not be that a President and a Secretary of State, who between them hold the predominant position in Government, had nothing to say to each other." iecalls Kissinger

Were such experiences compiled in a handbook, it would

save time and anguish for George Shultz, the new Secretary, who is now devising his own approach to Ronald Reagan on a trialand-error basis Recent history shows that the risk of failure is high Of the past six Secretaries, three resigned because of dissonance over policy or the manner in which it was executed Rusk, Muskie and Kissinger finished their assignments convinced that personal harmony with their Presidents was the key to survival

Shultz's start is encouraging Two weeks ago, the question of who should chair a Cabinet group on international economic policy came before Reagan It held the potential for a turf battle, the kind former Secretary Alexander Haig fought

continuously, to the discomfort of the President Shultz spoke up "When I was Secretary of the Treasury, I felt I should chair the council Just because I am Secretary of State, I see no reason to change that Let Don [Regan] have it "Controversy was avoided Shultz's influence subtly enlarged

"You cannot get authority formally on paper," says Kissinger "A President feels he needs you or not" How to feel needed is in Rusk's words "the art of the matter" To begin with, a Secretary of State should be compatible, both philosophically and personally, with his President "Fundamental disagreements simply should not arise," says Kissinger, adding that the selection process has always been too haphazard

Once chosen, a Secretary must become intimate with the President, yet keep a certain professional distance. Muskie, for example, never called Carter "Jimmy," though others around the White House always did Rusk was the only Cabinet member Kennedy addressed as "Mr Secretary," and he took pains to nurture this special respect "We were very close officially," recalls Rusk "But I never played touch football with the Kennedys I never got pushed into their swimming pool." Kissinger cannot remember ever going into the presence of Nixon at the White House without a coat on

Knowing Nixon's fascination with other people of pow-

er, like Mao Tse-tung, Kissinger stocked up on personal information about world leaders. He also supplied stories about the Ivy League, both good and bad, which the boss relished Muskie twitted Carter about his inept fly casting but praised him for superb fly tying Rusk bent to Kennedy's appetite for humor Ordered to track down and fire a leaker, Rusk traced the culprit to the Oval Office "I can't fire him, Mr President," phoned Rusk "It's you" They both roared

Kissinger found it best to meet the President in the morning "He was fresh and he felt he was a part of the decisions and that I was not just informing him" Muskie learned that Friday breakfast with Carter and his White House staff was the most productive time Events of the week had run their course Reports from the departments were complete. The President and Muskie felt informed

enough to act At the end of every day, Rusk sent Kennedy, and later Johnson, one piece of paper with short items explaining minor actions taken that day and those that he planned to take in the next couple of days without presidential consultation

Carter craved detail on every problem, and Muskie soon prepped for his encounters with the President like a college student Kissinger explained broad historical concepts that interested Nixon but was careful not to bore the President with excessive detail "A Secretary should never allow himself to be put in a position where he opposes his President in front of others in a meeting.' says Kissinger Silence or deferral of the is-

he President or abusing my access" lence or deferral of the issue is the ploy of restraint. Muskie had 24-hour access to Carter either by phone or in person, but often resisted the impulse to call the President. "I decided that if I ever overdid it I would become less effective, Muskie remembers Rusk calculated that two-thirds of the world was always awake creating mischief and a President had to be shielded from too many crises Rusk also worked at "not bothering the President or abusing my access" Result "When I saw them both Presidents always took me seriously"

All Presidents at first tend to be impatient with diplomatic protocol, indifferent to these rituals that prevent nations from constantly bickering over trivialities "Presidents have to learn that ambassadors to Washington from other nations actually have a right to see them 'Rusk says Nixon loved protocol that was glamorous, but often balked at routine receptions and meetings Kissinger soon learned that if events were simply inserted into the President's schedule, the quiet authority of the printed word subdued his protests and Nixon performed the required rituals without complaint

George Shultz's challenge is to avoid straining Reagan's geniality while translating the President's often vague instincts into policy and practical diplomatic action While Shultz counsels his client, he must never forget that power flows only one way—from the President to his Secretary



Rusk with Johnson: "Not bothering the President or abusing my access"

United States

Interior Secretary Watt defends his letter on a radio show, later he apologized

Reagan's Bad Boy Slips Again

When controversy beckons, Jim Watt is always ready

legion of antagonists have a perverse symbiosis going he has a talent for enraging them and they seem happy for the regular opportunities to lambaste him Last week was a regular free-for-all of Watt-inspired controversy. Much of it stemmed from an ill-advised letter the Interior Secretary wrote to Moshe Arens the Israeli Ambassador to the US, in which Watt argued that liberals of the [US] Jewish community who oppose his aggressive oil-development policies will weaken our ability to be a good friend of Israel By the end of the week Watt had gone from saying that he was proud of the message to apologizing for it

A White House spokesman called the letter 'unfortunate and 'not the President's viewpoint while Ronald Reagan himself made excuses for his impolitic Secretary at a midweek press conference The obligatory resolution denouncing Watt was introduced by twelve Democratic Senators including New York's Daniel Moviihan, who described the letter as bare knuckled bigotry

The epistolary pother had its genesis on June 13 when Watt and Arens sat together at a Washington banquet Tour days later. Watt resterated his dinnertable chatter by mail

The criticisms of Watt were twofold First it seemed inappropriate to send an official message to a foreign ambassador complaining about opposition from US citizens in an essentially domestic dispute Second Watt's letter seemed to contain an implicit cynical threat if American dependence on Arab oil becomes too great the US might had it politically expedient to temper its support of Israel

Reagan however interred a broader more innocuous meaning Watt was merely saying according to the President that if we should find ourselves without the energy needed to turn the wheels in industry, we wouldn't be much of an ally to our friends and that would certainly include Israel

On Wednesday in a meeting with officers of the Jewish Anti-Defamation League of Brian Brith Watt finally backed off Reported A D L National Director Nathan Perlmutter He termed his own remarks an unfortunate mistake. He said that he was embarrassed. Said A D I National Chairman Kenneth Bialkin. I think he is a man without guile

A t times he is certainly a man without much political common sense. Arens did not publicize the letter. Watt himself proudly sent copies to Washington journalists. He seems to relish getting his name and righteous views in print regardless of the controversies that ensue

Still another overheated Watt letter sent to 28 Congressmen two weeks ago continued to make waves. This one was a direct defense of Watt's plan to permit oil companies to lease up to a billion acres of US coastal waters for drilling He contended that the specter of offshore oil rigs would be more palatable than explaining to the mothers and fathers of this land why their sons are fighting on the sands of the Middle Last as might be required if the policies of our critics were pursued

Watt's basic plan for leasing the Outer Continental Shelf has been known for more than a year. Late last month he approved a revised version of the leasing scheme offering 25 times the offshore area that has been available for exploitation since the program began in 1954 Seven, conservation groups, as well as the states of California and Alaska have filed suit to prevent or modify the expansive scheme

Typically, Watt never bothered to tell White House operatives that he was about to announce a go-ahead for the politically troublesome plan. Despite his propensity for imbroglios says one Reagan aide Watt is not in trouble with the President. The aide thinks Watt is too confrontational The boss's view? The President he sighs doesn't mind

Off the Beach

Glen Cove's Soviet policy

When the city fathers of the otherwise peaceful Long Island N Y town of Glen Cove read that the local 36-acre estate for Soviet United Nations diplomats was probably being used for electronic spying they decided they needed their own foreign policy. They sought to engage the enemy on the beaches. Or more precisely not engage them there. The city council decided to withdraw the Soviets rights to use the town's beaches tennis courts and golf course

This is in protest against our Government's permitting the Soviets to occupy a residence in Glen Cove tax free and turning it against our national interests declared Mayor Alan Parente. The Soviets immediately protested to American officials and the State Department deliv ered a stern reprimand. This is an action that interferes in the conduct of foreign affairs a function within the exclusive competence of the Lederal Government But a spokesman conceded. We absolutely deny we are going to send the Marines to free the Russians from the grasp of the mayor of Glen Cove

In this eyeball-to-eyeball confronta-

tion Glen Cove (pop 25 000) refused to blink By a 6-to-1 vote the banthe-beach hard-liners prevailed once more last week Afterward Parente posed provocatively in front of the Soviet mansion while a Geiman shepherd behind the iron gate growled softly The State Department referred the matter to the Justice Depart- Mayor Parente ment for investigation



But like most matters of principle, this one may end up with a financial solution. If the Soviets of the US Government on their behalf agree to pay the \$75 000 or so in property taxes that would normally be owed to the Glen Cove treasury from the estate, would the diplomats be set free to swim and swing their racquets and clubs? Says Parente 'Certainly that's something we diconsider

Grass Was Never Greener

In an economy of lows, many profit from others' highs

S an Ternando Ed 35 paced in the balmy Canfornia night an and totted up the rewards of being a successful farmer They included two Porsches a Datsun three four-wheel-drive pickup trucks a redwood home perched on a hilltop in Northern California a three-bedroom house with an outdoor Jacuzzi near the beach in Los Angeles and a custom-built vacation hideaway in Hawaii Then he opened up a plastic bag and pinched out a sample of the crop that has made his fortune of nearly \$1 million marijuana

San I ernando Ld it seems is no isolated case. Today illegally grown pot is the nation's fourth largest eash crop. Lawenforcement officials insist that it ranks just behind corn, soybeans and wheat in market value. Last year's marijuana hatvest had an estimated street value of 88.5 billion in each of more than 30 states law-defying entrepreneurs produced crops worth at least \$100 million at rctail California's harvest worth an almost unbelievable but reasonably documented \$1.5 billion at retail led the list Hawaii was second ats \$750 million crop rivaled the sugar cane and pineapple harvest in value. In Oklahoma, the \$350 million harvest ranked just behind wheat. In Kentucky and Tennessee each with a \$200 million yield dope growing has replaced moonshine as the favorite illicit enterprise. Harvesting of this year's crop begins in August and September, and experts predict a bumper yield Says Bill Keester of the Oklahoma state police We re blessed with good crops of everything. Unfortunately that means a lot of marijuana as well as wheat

Pot patches have been spotted every where by overworked law-enforcement officials between rows of corn on Iowa farms in narrow strips along streambeds in the Ozarks in cleared plots on timberland owned by giant companies even on public lands Says Linie Anderson the Forest Service's director of law enforce ment. We've had reports of marijuana cultivation on practically every one of the 154 national forests and grasslands

The profit of growing pot has fured not only the leftover hippies of the 1960s but even well-educated professionals including lawyers and stockbrokers, as well as many laid-off workers or financially squeezed farmers. Few though, are trying-to-make-ends-meet amateurs in the underground trade Says a Kansas police official Most growers around here have a lot of pride know-how and a college de gree in agriculture. Not many demonstrate excessive guilt about their lawbreaking Says an agent for the Drug Enforcement Administration People don't perceive growing maiijuana as being really wrong even though it's illegal."

The business bloomed in the late 1970s after the Nixon Administration

pressured Mexico to spray its grass crop with paraquat a potent weed killer U.S. smokers frightened of potential lung damage from tainted Mexican grass turned to growing their own. That reliance on the domestic weed was further heightened when the DIA cracked down on the smuggling of Colombian marijuana into the US Ioday though many growers cultivate small quantities of pot strictly for their own or friends use 100 000 or so according to NORMI the pro-pot lobby group are commercial growers. They supply about 20% of the grass consumed annually by the nation's 25.5 million smokers

The preferred crop today is sinsemilla (a seedless marijuana produced

patches from airborne police. One farmer in Kentucky is growing plants on flatbeds that he can wheel into the barn at the first buzz of a light plane. Other growers protect their crops with armed guards attack dogs pit traps studded with sharpened sticks and trip wires attached to crossbows. Farmers say the measures are taken to foil rustlers more than the police Still they present a menace to both. A deputy sheriff in Oklahoma was shot to death last fall by a guard who had mistaken him for a thief

Officials admit that they are managing to seize only 5% to 10% of the domestic crop at best. The DFA contends that enforcement could become more efficient if the newly discovered marijuana fields were to be sprayed with paraquat. The state of Horida in apparent agreement has announced that it will spray some helds with the herb killer. The Florida plan has prompted critical editorials in local newspapers as well as a lawsuit from



Santa Cruz, Calif., deputy with twelve-foot-tall marijuana plants seized in recent raid Growers protect crops with armed guards, attack dogs and trip wires with crossbows

through intensive cultivation of only the female plant) that has a very high concentration of tetrahydrocannabinol or THC marijuana's psychoactive ingredient Sinsemilla sells for around \$2,000 per lb. This is roughly the yield from a single plant. The sinscitulla produced by US growers is so prized that seeds have been smuggled into Mexico and Colombia to enrich crops there

But for US authorities this improved American has produced only headaches. Local police are often loath to arrest growers, especially when communities are dependent on pot income. Some even tip off planters to impending lawenforcement raids. In many states, the penalties meted out for growing grass often amount to little more than a wrist slap anyway Even with stiffer sentencing en forcement would remain difficult. Growers have become adept at hiding pot NORMI In addition the Chevron Chemical Co a distributor of paraguat has fired off a warning letter to the US Department of Justice and the DEA. The product label bears the word poison and the skull-and-crossbones insignia, but terrify ing people in order to modify behavior is not a registered use. Still Horida officials remain committed to paraquat in part out of support for the Reagan Administration's policy Washington has urged Colombia to spray the herbicide on its marijuana crop, but the country refuses to do so until the U.S. does the same to its own I ven if the US begins using paraquat many Covernment experts lear that domestic marijuana production has gone too far to be undercut at this late date Says one discouraged DF &official Some times I feel like we are trying to enforce By Anastasia Toufexis

Reported by Jonathan Beaty/Washington and Lee Griggs/Chicago

United States

Refusing to Say Uncle

In West Virginia, a company town may become a town company

eirton W Va was not exactly named in honor' of Ernest I Weir Rather when Weir bought a tract of farm land in the state's panhandle in 1909 and built a sprawling stechnaking complex, he needed people and houses to go along with his factory. Thus the town was born Today Weirton Steel Co is a division of National Steel Corp. but a majority of the labor force in Weirton (pop-25 536) still works in the rumbling fuming steelworks along Main Street. It's sink or swim together says Mary Brula a bank teller whose husband has worked at Weirton Steel since 1958

Lately sinking together has been a distinct possibility In March National Steel announced it was not economically feasible' to modernize the marginally

tringe benefits. Moreover the workers would have to spend \$1 billion on rew equipment through the 1980s. The payroll saving would be used to buy stock in a new worker-owned company and that stock would be put up as collateral to get capital loans from banks. The report left me very optimistic says Walter Bish president-elect of Weirton's Independent Steelworkers Union Especially, he adds when you look at the only available alternative which is to close down the plant and leave everybody without a job '

Negotiations for the sale are to begin this month the price could be up to \$200 million. It's not a dving operation says David Robertson a



ers. Not everyone may be willing to assume that responsibility Only those 8 800 not vet laid off mostly older people can vote to approve any buyout Workers with the greatest seniority are wary of jeopardizing their pension benefits now as much as \$25 000 a year. I don't expect those still working to go along with any talk about making con-

Weirton THE HOME OF THE MIGHTY TIN CAN old-fashioned tin plate, which has

lost much of its market to aluminum and plastics accounts for half of the plant's

offspring-Poles, Greeks Italians Yugo-

slavs - whose sense of ethnic and familial

snugness is reinforced by friendships

forged on the steel-mill floors. This close-

ness was depicted in the movie The Deer

Hunter whose home-town scenes were

filmed in Weirton You just know every-

body says Fran Crow 27 a third-grade

teacher Her husband John 28 has been

fur loughed from his job as a Weirton Steel

salesman one of 2600 who received a

pink slip in the past two years. At first I

was thrilled he says. I thought I d play

ILS SCALV

a little golf. Now he says

because as Bish points

out our concessions are

going to be to us the own-

But it is also exciting

It is a town of immigrants and their

2 million ton annual production

Shimko should talk to Dick Heilman 52, who went to work at Weirton Steel in 1948 Heilman would hate to forgo any of the perks among them free dental care and double pay for overtime, let alone lose 32% of his \$29,000 pipefitter's salary. But he says it's different when you're working for yourself. The minute it was announced that we were going to buy the plant I noticed people in my section working longer and taking shorter breaks

cessions says Michael Shimko 30 a

laid-off chrome applicator

The already proud town has tapped whole new reserves of native boosterism Green bows are stuck up everywhere as are green WI CAN DO II bumper stickers The supply of WE CAN DO II lapel pins sold out some time after the June Save Our Valley Rally One local businessman thinks that other merchants will follow his lead and cut prices by 20% as their share of the community sacrifice

There is a lot we can do without

If the buy-out works of course Weirton Steel will have made a startling transformation, from one capitalist's prosperous fief to the principal US enclave ofves- a kind of homespun socialism. But Weirtonians think more in terms of preserving a place where rich hard-working lives have been uncommonly possible. If there really is a way for every will, willful Weirton may just have a chance to live happily ever after - By Kurt Andersen. Reported by J. Madeleine Nash/Weirton



No place like home: Main Street view of the steel plant and, inset, the end of a shift

When it was announced we were going to buy the plant. I noticed people working longer

profitable (less than \$10 million on 1981) sales of \$1 billion) Weirton plant the company prefers to invest in other enterprises with the potential for substantially higher returns. By 1987 most of the factory would be shut down and 70% of the work force fired unless National Steel said. Weirton's 8,800 workers would like to buy the facility and run it themselves

For the past five months Wentomans have wondered if and how the sale, which would be the largest of its kind in the U.S. might be accomplished. Last week a consulting firm hired by the steelworkers said it was possible. To get financing and ensure future profitability however sacrifice would be required at least 400 Weirton employees would be laid off and the rest would face a 32% cut in pay and I the townscape. A billboard proclaims

Weirton native and the union's lawver You can talk all you want about worker participation but you don't have anything unless you have a decent business. Right now the steel company is both the largest employer and taxpaver in the state Employees have always had their own in-house union unaffiliated with the United Steelworkers of America, and relations with management have been comparatively smooth (no strikes since the Depression) and rewarding (wages and benefits average \$24.65 an hour compared with about \$22 for steelworkers nationally)

The dominance of the town by the steel company is plain. Smokestacks and giant ventilator shafts are visible for miles and waste slag sits in heaps around

Golden Guns

Protection with a touch of chic

rinally the perfect knock-em-dead gift for the man or woman who has everything something to protect everything with Not your ordinary cold steel snub nose mind you That would never do for kings, sultans and other megaconsumers At Bijan's exclusive Beverly Hills boutique where the clientele snaps up such wares as \$95,000 chinchilla nedspreads and \$1500 bottles of pertume for men self-defense means a \$10 000 gold designer gun. You don't want to be at home and have someone try to kill you explains the Iranianborn proprietor Bijan Pakzad Its protection in a chic way To me

everyone who is sich and loves guns will want one

The head of a European royal family asked me to design a unique gift for a fellow monarch Buan adds as he darts excitedly around his store topen by appointment only) I wanted to

make something so American I wanted to design a gun that people who hate guns would want to have and touch and play with because it's so pretty. So he had a leather handgrip fashioned for a 38-cal Colt revolver at his workshop in Florence inlaid the cylinder with 56 grams of 24karat gold and placed the gun in a mink pouch in a Baccarat crystal case embossed with the customer's name. Bijan's own signature is engraved in gold on the shank of the gun. It is the perfect accompaniment to



his line of bullet-proof clothing Coucci he says with evident pride never did gold pistols Advertisements which have run in such trendsheets as Interview and Town and Country include one with a blackrobed woman pointing the

revolver at the reader

So far Bijan has sold 47 of his limited edition of 200 Among the anonymous customers a U.S. Senator, three kings several overseas leaders and an OPIC oil minister Most have told him that they want the gun as a collector's item but a few say they will use it if the need arises. Says he. Anyone who is wealthy and powerful is a target. What next for Bijan' Well he could always try silver bullets

Americana

Trailer for Hitching

Moviegoers expect to be subjected to B grade light shows requests for charitable contributions or even car ads while waiting for the feature to begin But in the Los Angeles area these past few months, theater screens have been carrying a new kind of trailer a cinematic twist on the old mail-order-bride pitch In the clip titled What Do You Think of My Tace? a man named Marc Halberstadt fills the silver screen. Explains the 36-year-old former furniture salesman who scraped together \$1,200 to produce the film as a gimmick to find a wife. I wanted to create the most significant mating call in the history of the human race

So far some 1 000 people have responded to the trailer. Most (but not all) were women who dialed Halberstadt's home telephone number it flashes 19 times during the trailer. However, his ; cinematic mating calls have gone the way his preliminary interview for the Johnny Carson show went. They rejected me,' Halberstadt glumly reports

Ticket to Oblivion

Law-and-order used to be a simple matter in Leadwood Miss (pop 1 397) More for show than anything else it seemed the eight-man police force (seven part time) wrote about 100 traffic tickets a year I'hat was about it until George Morgan was hired in June. In just three weeks on the job Officer Morgan had handed out 53 tickets. Perhaps his worst mistake was giving one to Town Alderman Harvey Penberthy With Penberthy leading the pack, the angry ticket holders it around to sit on for hygiene courtesy and

besieged the board of aldermen to rid the town of this new menace. On July 11 Morgan was fired

But what had seemed like common sense to the board looked like a travesty of justice to many other I eadwoodites. Soon Mayor Dick Hall the city clerk the city treasurer and most of the police department resigned in protest over the firing Unfazed the aldermen elected one of their own Shelby Lawson to replace Mayor Hall With all the turmoil however she quit after two days. Thus it was that the Leadwood aldermen turned to the only man they could trust. Harvey Penberthy. who became the third mayor in less than a week But Mayor Penberthy who also runs the town garage, soon learned that holding high public office was no fun Said he Every time I get under the hood of a car I get a phone call from somebody complaining about something. After just two weeks in office. Penberthy demoted himself back to alderman while the board prevailed upon Daniel Shunck, the director of the high school band to take over. In the meantime several vacancies remain in the police department. One eager applicant? A chastened George Morgan who claims to have learned his lesson. Savs he. The other policemen told me to watch who I wrote up

Condominiums with a View



Paradise is usually in the eyes of the beholder but for South I lorida Developer Fred Bischoff 42 this is it Paradisc Lakes Resort a 184-unit 40-acre retreat 17 miles north of Tampa. It advertises a healthful. family atmosphere with lighted tennis and volleyball courts an Olympic-size 1 500-sq -ft swimming pool a restaurant two bars a lake and a bandshell for outdoor concerts. Jenants include doctors i lawvers teachers and clergymen. But a certain protocol must be observed. Overt sexual behavior is unacceptable says Bis choff Visitors generally carry towels

just because it's comfortable. This seems somewhat less strange when one discovers that Paradise Lakes Resort bills itself as the country's first condominium development for nudists. It has been so successful since it opened last November that only three units remain unsold. And the townsfolk in nearby Land O. Lakes are not complaining perhaps because a 12-ft concrete wall screens Paradise from outside scrutiny Says Bischoff a former lay Christian minister. I get up in the morning take a shower dry off comb my hair and go to work. I never could have imagined it. Ah paradise

Essay

An Amendment That Should Not Pass

Rick (Humphrey Bogart) How can you close me up? On what grounds?

Captain Renault (Claude Rains) I'm shocked! Shocked to find that gambling is going on here

Croupier (handing money to Renault) Your winnings sir Renault (briskly) Oh. Thank you very much

-Casablanca

he first thing one notices about the constitutional amendment is a certain discrepancy between behavior and theto-

tic The part of Captain Renault this year is being played by Ronald Reagan and the United States Congress. They are shocked to discover that budget deficits are going on in Washington. They have had recourse to a helpful old political appliance something that might be called the Moral Dissociator. This device a sort of reality override is always useful in tight spots. It makes the politician disappear and then materialize again on the other side of the room, the safer side.

The President proposes the largest budget with the largest deficits in American history. Then he marches up to the Capitol to stage a rally demanding a constitutional amendment that would require a balanced federal budget. I don't feel self-conscious at all. Reagan tells a press conference. He argues the (at least partial) truths that he inherited ever growing commitments from Presidents before him and that a big tax cut might be a profitable jolt for the economy Congress performs its own impressive feats of dissociation. The polls consistently show that between 70', and 75', of Americans favor a balanced-budget amendment. It is an election year. A majority in the Senate possibly to be echoed in the House proceeds along the lines of an entertaining but abject logic STOP ME BEFORE I KILL

AGAIN. The sponsors of the amendment to mandate balanced federal budgets have flocked to the Constitution, as to the Wizard of Oz, to ask for a superego, to plead for the discipline that they have been unable to enforce upon themselves. It is an evasive and unworthy and essentially political exercise. The oldest living constitution in the world should not be dragged onstage to perform in such charades. It is undignified

Amending the U.S. Constitution usually takes years. It is tately done. As Chief Justice John Marshall said, the Constitution should be a superior paramount law unchangeable by ordinary means. When one is working in marble, it is not wise to doodle or use the chisel impulsively. But precisely because the chances of succeeding with an amendment are remote there has always been something satisfyingly theatrical and essentially safe about proposing amendments to enshrine various panaceas transcendent gripes, noble urges, and crackpot illuminations. The process is a little like the custom of nominating obscure favorities ons at political conventions, not because they have any chance of being nominated or elected. God forbid. It is just nice to hear the name boom in the half to have the transient thrill something to tell the grandchildren. The mere proposal of a constitutional amendment amounts to national billboarding for an

idea and perhaps even a way of drawing the poison out of certain issues by bringing them briefly into the hypothetical prescinc of the sacred text

There have been more than 9 400 proposals to amend the Constitution. Many have been frivolous. Over the generations Americans have pushed amendments to restore states rights to recognize the authority and law of Jesus Christ. to redefine treason to prohibit racial intermatriage to embrace world government to outlaw pornography. The Liqual Rights Amendment has just perished, for the moment. An amendment that

would permit school praver is showing signs of life, it is supported by President Reagan who for a conservative seems surprisingly eager to change the nation's basic legal text

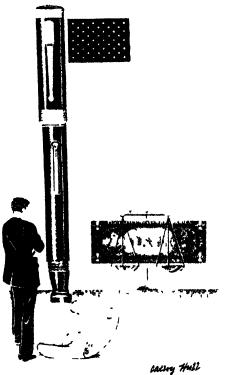
In one instance, the U.S. became confused about the difference between the billboard and the marble. In 1919, it ratified a disastrous amendment outlawing alcoholic drinks. Then it spent 14 years fighting over whether and when and how to repeal the error. Americans should instrictively know that amending the Constitution every time the wind shifts is a sort of decadence. It suggests a nation dipping into capital burning its deepest ideas for firewood.

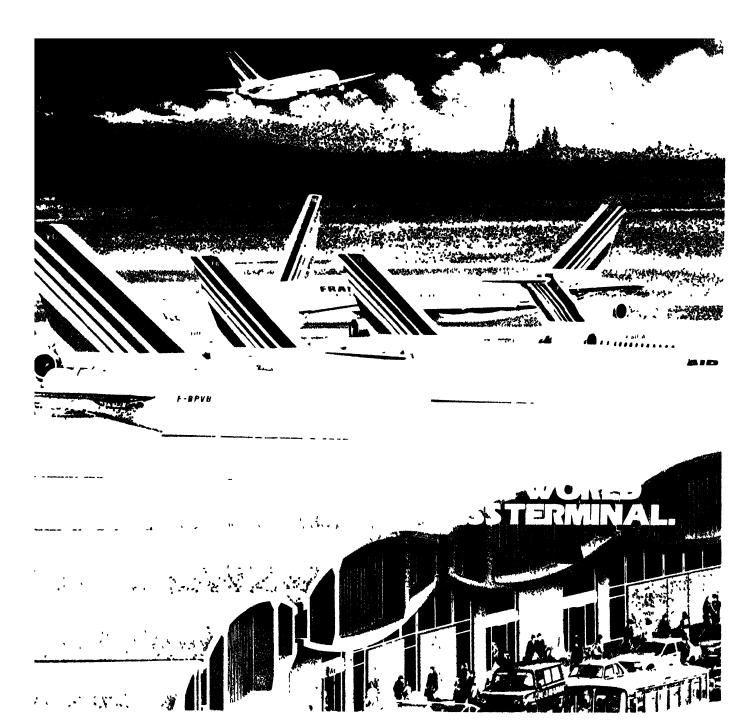
The balanced-budget amendment is still in the billboard stage the stage at which a certain amount of expression and carelessness and political opportunism is expected behavior. For that reason, the debate is still somewhat unreal, as if the amendment were a harmless issue as if it had no consequences. All over Capitol Hill one hears private talk even from those who will vote for the thing that of course the amendment is basically nonsense, but it just won't do in an election year to be caught voting against a balanced budget. The popular impulse propelling the amendment is strong and

wide Organized labor opposes the amendment. But otherwise those against it tend to be professionals scholars commentators and economic experts. A prominent exception is Conservative Milton I riedman, who hopes that the amendment will provide for a gradual ratcheting down of Government spending as a fraction of [national] income.

Whatever the political cynicism of Congress it is responding to an immense popular disgust with high taxes and Big Government. In recent years, a balanced-budget amendment has made its way relentlessly through the state legislatures. Thirty-one of them have called for a constitutional convention to consider it. If three more states join the movement, the first such convention in the nation's history may be called. Politicians ranging from Ldward Kennedy to Barry Goldwater fear that such a convention might turn into a 'devil's playground'. No one knows whether the delegates could be limited to the balanced-budget amendment. They might be ominously tempted to try to remodel the entire American constitutional structure, including the Bill of Rights. Such fears do not reflect much trust in the American people of course, but it is that prospect among others that has led Congress to take the budget amendment so seriously.

All this has brought the balanced-budget amendment much





The New Air France Express Terminal in Paris is good news for TIME travelers.

Parts Charles de Gaulle Terminal 2, the new Express Terminal for Air France in Paris as built for speed on the ground. Distances between planes and the exits are just 70 metres, among the chortest in the world Baggage handling has been expedited by new circuitr. And because minimum connecting time between flights is only 45 minuter. Paris Charles de Gaulle Terminal 2 beips make Paris the ideal gate way for 161 cities around the world.

Why is the of particular importance to TIME

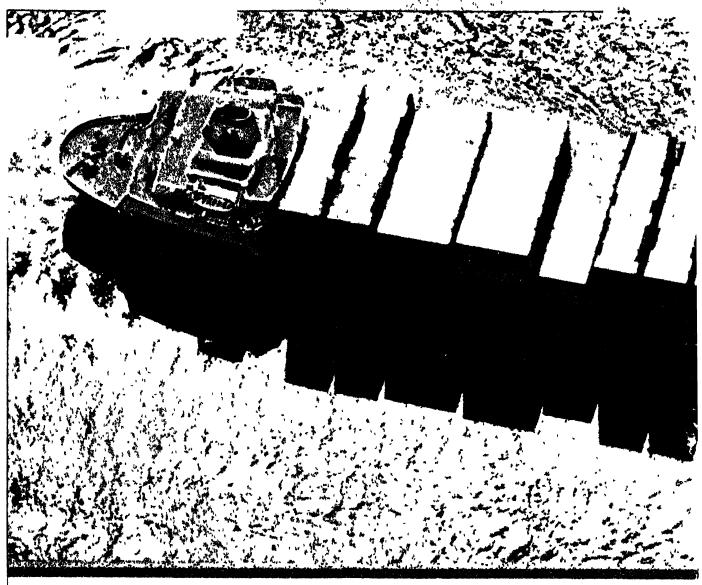
readers? Because flying for business and pleasure as o much a part of their lifestyle.

Atlas the in tright maga the for Air France recently conducted an on board or e, of passen ders to discover which maga these they read requiliarly. The result TIME Maga the was preferred to all international and even national magazines.

Very clearly Air France ad infrancy in TIME Maga incres express by to the point

TIMEFor multinational marketing.

For the trade finance service that includes experts in major ports around the world, look to Bank of America.



Offices and experts in more places than most other banks.

When it comes to international trade there's just no substitute for knowing the territory. And Bank of America, with its 90 nation banking network, gives you on the spot a specific in more countries than ilmost my other bank.

That means you get firsthand knowledge of local markets and business require across On site expertise with local trade problems and solutions. And Bank of America experts bandling the details at both ends of your trade transactions

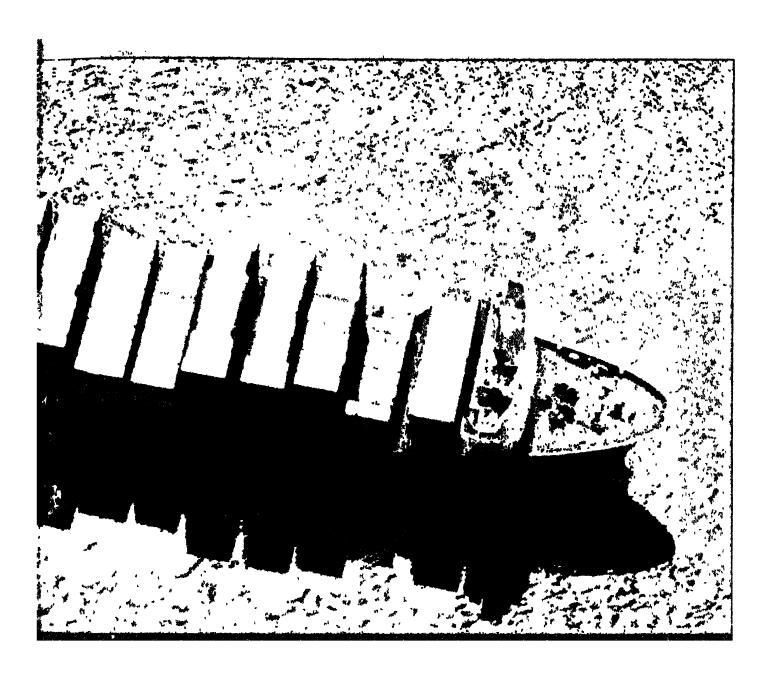
What's more, your account officer keeps track of all vour global services, and provides you with information from around the world on buyers, suppliers and new business opportunities

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Toward an ideal of universal communication.

People who deal in words envy the ability of music to communicate universally, because, surely, universal communication, with all its concomitants of mutual understanding, and the peaceful resolution of difficulties, is one of the best of all good things.

This idea inspired the first International Edition of TIME, forty years ago. Today, TIME is read in English in 191 countries, and the idea seems more viable than ever. Indeed, it has become an article of faith that TIME should be the same everywhere—communication without boundaries—a great common denominator of thinking people who are, in the best sense, worldly

TIME Working toward an ideal of universal communication

inser to being carved into the Constitution than it rationally light to be. The Senate may approve the amendment this week will have a tougher time getting through the House. I his thing complete bull—says an aide to a Senate leader who happens to apport the amendment—Somebody had better stop it.

Superficially one risks being thought a perverse neo-Keynes in mandarin if me comes out against balanced budgets. It is like eing against motherhood - or worse. The balanced-budget nichdment stipulates that before each fiscal year. Congress shall repare a plan in which income and outgo match. The rule may a waived in time of war. Otherwise, deficit spending is permitted nly when three fifths of both houses approve the indulgence.

The best argument for the amendment sees it as a kind of fordian stroke through the tangled indiscipline and unaccount-bility of Congress. Nothing less than a constitutional amendment say its supporters can break the deeply ingrained habit of rofligate spending. The amendment would make it easier for ongressmen to say no. It would make them clearly visible when nev said yes. It would force members to think twice about what is ow automatic. Thus argue the spons of so the amendment would hange the working premise of Congress, and begin to break the sele of profligacy that has pushed the na

ional deor beyond \$1 trillion

Intention and means should be distinguished. There is no question that growth in Government spending must be curtailed. The question is whether this constitutional amendment would accomplish that purpose. The amendment is like proposing to stop in ords by rolling a great idender the door frag the bureaucratic waterbed. It is an extreme solution feekless and lanatic. It may be satisfying at the moment, but it involves a messy aftermath.

ne of the odd notes sounding through the fiscal debate is a sort of muffled ery for vengeance. The amendment will be a terrible swift sword a judg ment at last. It will ampose discipline upon a nation that has felt itself losing control in a thousand ways control and only of its money but its morals and its in lighbothoods and its place in the world. The balanced budget amendment is a metaphorical gesture with meanings that transcend the fiscal.

But gestures are ephemeral. When the hard working details are examined some voters who now like the grand gesture may reflect on what that will really cost. By the most optimistic predictions, assuming a brisk and lasting economic re-

covery the federal deficit will still be at least \$100 billion by 1986 when the amendment might become operative. Who would suffer if that \$100 billion were suddenly eliminated from Government spending or added to taxation? Resenue sharing for the states would be the first to go. Medicare and Social Security would be vulnerable. So would civilian pensions. Neither defense not social programs would be immune.

Government should be forced to make choices about priorities of course. But that is exactly the point. The amendment is morally mert, and as single minded as a natural disaster. Government by earthquake.

The specific case against the amendment focuses on four main themes

1) The Government's ability to serve as a balance wheel for the nation's economy would be crippled by the amendment. We ve been struggling to control the business evel, for 150 years and we re finally getting better at it. says Senator Daniel Mooni han of New York. In the 15 years ending in 1975, our per capita gross national product after inflation doubled. We were able to do it because we had the flexibility to iron out the inevitable wrinkles in the business evel. The amendment would destroy that ability and subject us again to the feast-or-famine mercies of economic

panies. Explains liberal Feonomist Walter Heller. When recession cuts revenues and boosts jobless pay the resulting deficit, help restore purchasing power and promote recovery. Trying to prevent such deficits by boosting taxes and slashing budgets would simply throw the economy into a deeper tailspin.

2) Being easy to evade the amendment may simply reduce respect for the legal system as a whole. The amendment specifies no punishment for those who violate it. Since the Crovern ment's budget-making process begins 21 months before the end of the given fiscal year accurate forecasting is virtually impossible. I conomic and budget assumptions can be doctored. All the states except one now have annual balanced budget requirements but they slip out of the straitjacket by capitalizing their long term improvements, spreading the cost of bridges and highways and the like out over their useful life. The temptation to pursue such federal budgeting with mirrors would be overwhelming.

3) The amendment is not sufficiently flexible Government is not clarivovant. It cannot foresee the year's natural disasters for example, and the expenses they might entail. The amendment permits deficit spending only in ease of war, but ignores

the possibility that additional defense expenditures may be needed in anticipation of or to forestall war. Constitutional amendments like art should imitate life or at least bear some working relation ship to it.

4) The reason that conservatives of all Americans should recoil from the amend ment is that it would irreparably after the checks and balances in the Constitution. It would require Congress to cede enormous power to the courts and or the President. Tederal Reserve Board Chairman Paul Volcker, who opposes the amendment but supports its roals has warned Congress that the arrangement could give the President a line item veto of the entire budget and grant him in effect, the power to impound any tederal funds he wisher Congress would no longer be able to mandate or create new programs. In the name of balaneme the budget, the President could theoretically drop entire programs with out any possibility of congressional reliew

Beyond that difficulty looms the immense question of who would enforce the amendment. To legal espects it is conceivable that the whole federal budget item by item might end up for texicw by the Supreme Court, Says Yille Law Professor, Burke, Marshall. This would be the breeding ground to an

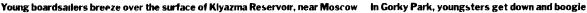
rimous amount of litigation. Conscivatives who condemn the activism of American judge, should wonder whether they really want to watch the courts of the fund running the appropriations process.

In the early 1980s, the prevailing thrist Coward constitutional amendments (such as ones that would outlaw abortion and permit school prayer) tends to be conservative. In the 1930s, the amending impulses were apretable lineral (proposals to set a minimum wage for example a sign to prohibit war). At that time Supreme Coure his Willis Van Devanter spoke scornfully of the idea that he Constitution must be amended and treated a of it were a robber ball so that each succeeding child may play with it according to varying inclinations. The Constitution is not a ball. It is the rules of the game it is the game itself.

Cladstone called the American Constitution the standard work ever struck off at a given time by the brain and purpose of man. The secret of its endurance has been its flexibility. However admirable its intentions the ballanced-budget amendment is a brittle inflexible busines. Its wheels are square. It is not worthy of the company it aspires to join.









Living

Pizza and Punk on Gorky Street

Western ways increase their hold on Soviet youth

The band of teen agers ambled down the avenue to yard the proza parlor in Wrampler jeans. I shirts inscribed with US ARMY and Adidas she tkers. Some exhibited the plazed state and the jerky arm and fer movements that are the tell tale spins of a Walkman weater. Inc. itably a few hard-eyed. Camel smoking punk rockers slipped into the crowd, their side cropped hair adorned with spikes on too their black leather pants punctured by safety pins

Rome' San Trancisco' Liverpool' Surprisingly the cits was Moscow the av-

entic was Corky Street and the prea parlor was a pitseriva, the first in a chiun of 22 that an Itali ian firm plans to open uparound the USSR Only the mo sarella substitute in the priza had a distinctively Soviet fladi.guni a cheese from Soviet Occiers that used to be Moscow graffiti one of Joseph Stalin's favorite snacks



Lo he may of the authorities many Soviet young people have turned away from the stuffy ideal of the committed Young Communist Leaguer that was fostered by their clders. Now two generations beyond the terror-filled Stalin era and the suffering of World War II, the young are bent on having tun in all the ways taught by Western movies visitors and forcion radio broadcasts. In indaround Moscow List week youngsters were boardsailing skatchoarding and hans pliding practicing voga karate kung tu and fad diess exchanging Bruce Lee posters disco dancing listening to tapes of Diana Ross and ABBA, and going to see Dustin Hottman in Kramer vs.

Kramer and Jane 1 inda in The China Syndrome two of sixeral US movies playing in Moscow

Weating jeans and insignia I shirts is not always a sign of disaffection. On the contrary many of the oung people who mimic Western ways are the children of Soviet officials who buy Weste a clothes abroad or at state stores reserved for the clite. The less privileged must buy or cadge their status gear from Western tourists The most prized items in any Soviet voungster's wardrobe. Adidas sneakers are manufactured in Moscow under h cense from the West German footwear turn. The Voskhod factory has been turn. ing out a million pairs of green vellow and purple sneakers a year scarcely meeting the demand even at about \$40 a pair

Pursuing some Western fads requires considerable ingenuity as well as eash The craze for boardsailing for example has obliged Soviet citizens to build their own, a process that requires the painstak

me application of lavers of fiber plass over a homemade. frame. The materials cost about \$140 and some budding capitalists sell their boards for as much as \$420 At the Klya ma Reservoir twelve miles north of Mos cow a 26 year old graduate student in mathematics showed off his handiwork M. first board took a month.

to build he says but once I pot the hang of it. I could do at mascek

Boardsailers receive some official encouragement, but rock groups and their fans have come trider increasing attack in the Soviet press. One group called Mashina Vie-

meni (Tinie Machine) was denounced in the Communist youth daily Komsomolskava Pravda for giving thousands of spectators dangerous injections of dubious ideas. As expressed in Time Machine Isr. ies the ideas (for example. There's no point in believing promises any mor () hardly seem likely to set off alarm bells in the Kremlin Still Time Machine has made no albums and has been banned from playing in Moscow. New regulations. have forced discos to cut back on Western tock and bootles tapes of Western and local groups sell for \$60 and up leven in remote parts of the USSR

I qually disturbing as rock to the Sovict authorities has been the growth of unauthorized clubs of teen age soccer follow ers known as tanaty or tans. According to a censorious article in Komsomolskava Pravda fanaty members are senior technical and vocational school students from Moscow's working-class quarter Characterizing them as a "dubious tribe of sports minded hooligans - the paper criticred then, for picking lights in the subway waking up neighborhoods with their all-night singing and defacing walls and bridges with graffiti boosting their teams

Clearly the do isive influence on So-

Nave

for Western pop culture has been foreign broadcasting When Willis Conover who since 1954 has conducted the Voice of America's jazz program went to Moscow last month with Musicians Chick Corea and Gary Burton some 500 people jammed into an auditorium with 400 seats. Conover took the microphone and said. Hello Im Willis He got no further. The young people cropted in cheers. They had grown up listening to that voice on the short

Reported by Erik Amfitheatrof

and Jane Tempest/Mascow

By Patricia Blake

vict young people vearning

Soviet skateboarder

No Dan Pastorin, 33 is not ling in for USCs. Irojan ascot But it's a thought. The mei pro quarterback late of a Houston Oilers, the Oakhid Raiders and the Los Andles Rams will be a puest star is fall as Spartacus on Vovaster NBCs. Sunday-night entry its onetime Walt. Disney me slot. In his previous office held for avs. Pastorini has acked up headlines for reckless driving posing seminude for Player/I magazine, having a couple of run ms with a

come and lo last week on the first anniversary of her wed ding to Prince Charles, the first official photographs were released of five week old Prince William of Wales They were indeed charming. Snuggled twist the Princess 21 and the Prince 33 bright-eved Wilham Arthur Philip Louis appeared somewhat perplexed by his photo debut. But. Sweet William as the London press has dubbed him, will probably get used to such attention. This week on another important famor occasion the 82nd birthday of his great reandmum the Queen Mother, the lit tle Prince will have his christening at Buckmeham Palace But unlike many an event in a his busy life to come it will not be televised

The 83/25 million price was the largest ever paid for an American painting But what would no doubt please Painter Samuel FB Morse more is the fact that his canvas Gullery of the Louvie has been plucked from dusty storage at Syracuse University and will i by be displayed with due fair fire by its new owner Daniel J Terra, 71 at his two year old Terra Museum of American Art in Evanston III The painting was meant to be a sort of early-American effort at cultural packgoing 38 of the world's greatest masterpieces all on one canvas. Depicted in remarkable detail are the works of such art ists as Da Vinci Rubens Raphael Littin

the works of stich attrists as Da Vinci Rubens Raphael Titrin and Rembrandt Conceived by Morse and Novelist James Fenimore Cooper (the creator done with Cooper and his family are this spectators in the work) Callery was painted by Morse in 1832, about the same time he

turned his inventive talents to the telegraph and Morse code. Terra a chemical industry magnate who is President Rea gain's ambassador-at large for cultural affairs bought the work (with his own money) in the hope of fulfilling Morse and Cooper's dream. Says the happy new owner. Here you have these two great figures of their time trying to bring Euro.



Royal trio Diana, Charles and Baby William in first official photo

pean culture to America I hope it sa bit like my job

Led by their lissome 5 ft Sin acc the Chinese terms term slored in upset victors over the Japanese in the first round of the 32 nation Ledera tion Cup in Santa Clara Calif. Li the second round, however a expected West Germany beat China. The team disappeared from the competition And Hu Na, 19 disappeared from the team. She was in fact detecting to the US Tor American ammigration offieads. Hu's decision put the ball in their court with a tricky bit of backspin, since approval of her request will imply exertain ical of political persecution Lick home. Her attorneys disspeculation that her mo-

> tives involve net financial gain. Still. His is considered by some of be one of the top 20 women players in the world. As a top pro-



Hu postgame but predefection

manager points one. It's difficult to judge from her pair performances, but she may be able to play in the top rank. Don't forget that the last player the circuit vot after a deletion is as Martin't Naviatilos is chief a made about \$4 material uses the detected in 1975.

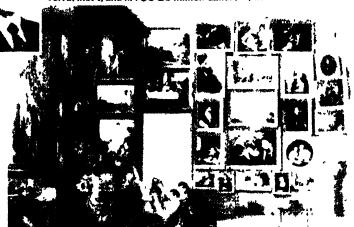
By E Graydon Carter

Houston reporter about half his size and losing control of a speedboat that killed two by standers. The bulk of Pastor mis talents will no doubt be strained to the utmost along with his pectorals, by his role of Foragers' a man-lost inducerchash. It will require him to look mean and wield a big sword. Is it possible to typecast.

Pastorini primed for Voyager 1

For a while now **Diana**, **Princess of Wales**, has known that some day her prints would

an actor so early in his career?



Terra, inset, and his \$3 25 million Gallery by Morse

Religion





Proponent Jerry Falwell, Opponent James Dunn from both sides, a cry of religious freedom

The Politics of Prayer

1 Clergy debates the President's constitutional amendment

The clerpy ought to be the last group to argue about prayer. Instead, it is among the foremost. Last week religious leaders of many major denominations gathered before the Senate Judiciary Committee to testify loudly for and against President Reagan's proposed constitutional amendment legalising prayer in the public schools.

Support for the Reagan amendment was the prime topic it a Wishington profamily strategy session of the religious right. Meanwhile opponents unveiled a new coalition of 72 organi ations it naturally a prayer breakfast Buddhists and American Indians turned out in full regulationed by Tews Mashins and Christians. The groups harpes that school devotionals create the very interreligious tensions and conflict that the First Amend tent was designed to prevent.

The dispute results from U.S. Su preme Court decisions. In 1962 and 1963 the court said that the Constitution's ban on establishment of religion, ruled out New York State's recommended nonsectarian prayer and Pennsylvania's Bible readings and Lord. Prayer recititions Just last January the court threw out a Louisian claw allowing students or wach ers to offer their own prayers. Fight months upo the fustices also refused to review a decision forbidding students to form in school prayer meetings on their own before classes. Some states allow a moment of silence, for students to peay if they wish the Supreme Court has not roled on that

The Reagan amendment reads Nothing at this Constitution shall be construed to prohibit individual or group prayer in public schools or other public institutions. No person shall be required by the United States or by any state to participate in prayer. The President and propositors like Terry Falwell of Moral Majorio demand the change in the name of religious freedom, the same cry raised by the other side.

The Turgest US Protestant denomination the Southern Baptist Convention is particularly divided. It opposed school travers until the annual meeting last June, where conservatives engineered a reversal. But Southern Baptist Minister James Dunn executive director of the Baptist Jona Committee on Public Affairs rand thus Washington spokesman for the Southern Baptists along with other groups) is undeterred. We re opposed to this theologically because it trivializes prayer into a civil religion. As Dunn sees it. Kids trapped in a captive audionce by compulsory attendance laws can hardly be considered to be doing anything volunturily

Organi ations from all branches of Judaisar the Luthe in Council and old line Profestants in the National Council of Churches agree. The US Catholic Conference welcomes such legislation but is especially interested in overturning a 1948. Supreme Court decision and restoring voluntary released time religion classes on public school premises. The Circek Orthodox and many Lyingelical Profestants also support the amendment.

Though congressional action this year is unlikely polls show that two thirds or more of the public favor a school prayer intendment, and advocates are certain that if a proposal ever gets to the floor, few legislators, will, want to go on record against avoking the Almighty.

Up on Arms

Catholic hishops debate nukes

t an occanside retreat house in Spring A Lake N L tive U S Roman Catholic bishops assembled last week to touch up a controversial document. According to Peter Stemfels, executive editor of the liberal Catholic journal Commonweal the document is the most serious effort the church has ever made here abroad or in the Vatic in to come to rrips with nuclear war. The five bishops led by Joseph I. Bernardin the new Archbishop of Chica 40 spent a year taking testimony from 34 specialists ranging from outraged peacprotesters to Delense Secretary Caspar Weinberger. They then sem a 66-page first draft of a nuclear policy statement to the nation's 376 bishops in and June so liciting their comment. The letters and documents that came back, said one conmittee member were voluminous. The Vatican was also heard from

In its initial draft, the Bernardia panel built upon the hierar hy briefer state ment in 1976 against the arms race. The drafters un minou by o feed on 1) from demination of any first use of nuclear weapons of the threat of firet use 2% chan on deployment of such a capons, mainst civilian population - even in retaliation and even teamst military targets it mas sive civilian a isualties would result. By a call for an immediate multilateral freeze (without using that political label) in we ipons production and deployment, and 4) experimental disarmament steps by the US alone to see whether the Soviets would join in. In arriving at these principles the committee drew on church teach ings as ancient is St. Augustine's concept of the just war, agonizing over whether such moral criteria can even be applied to nuclear devastation

come peace activists are dismaved That the draft does not flatly rule out all use of nuclear weapons. They also object to its assertion that it is marginally justifiable to possess nucle ar weapons in a deterrence policy so long as disarmament talks are proceed ing in carnest. But both points essential ly reflect positions that Pope John Paul took in a statement to the United Nations last month. Remarked one source closely acquainted with the project. It is unlikely that the US bishops will be inclined to go further than the Holy I ather. What other revisions the bishops as a whole may make will not be known until November when the text will be submitted for discussion by the full hierarchy meeting in Washington. For now says Editor Thomas Tox of National Carholic Reporter the debate is at while heat Everybody is trying to get a word in before November

Sport

Coke and No Smile

For the NFL , it is already a season of pervasive discontent

hat should be the best of times for the National Football League considering its new \$2 billion television contract is not only the worst of times but the most unsettling of times the most unsaory of times. Iraining camps are just opening for the coming season, but the sport is already festooned with black eyes

Last month former New Orleans Detensive I nd and convicted Cocaine D'aler Don Recse sold his story to SPORTS ITTUSTPATED, depicting widespread drug ibuse in the NTT and implicating ex-Sunts Teammate Chuck Muncie now with the San Diego Chargers, Cocame controls and corrupts the game was Reese's chilling theme. Chargers Owner Gene Klein said he could not see how a man who rushed for 19 touchdowns as Muncie did last season, could possibly be on anything Shortly thereafter Muncic checked into a detoxification center, contessing a small problem with alcoholcocame and marijuan t

This is neither a small problem nor a new one in the NTT. The common disclaimer used to be. I ootball players are part of society, and the drug problem in football is no greater than in society Only lately has Commissioner Pete Rorelle acknowledged it could be a larger problem for us. Since the Reese report. other woozy-headed players have stumbled forward, and several teams have volunteered the information that they have been arranging treatment for their user athletes for some time. Sports editors in the 28 league cities sent their reporters out after the local angle and the story dripped dripped dripped This summer drugs got more ink than draft choices

Unpleasantness pervades The cranky voices of labor and management have started up again. Of the major pames football pays the players the least (\$92,000 average salary say the players \$90,000 say the owners) though it is probably the most punishing sport and definitely the most profitable. Lach team will gather \$14 million in TV revenue alone this season if there is a season. According to the we are the game, game plan the union is demanding \$5% of gross revenues, to be distributed basically by seniority.

The few NTT Players Association members who have objected have not merely been shouted down but threatened. We get to see you on the field next year. NTTP A President Gene Upshaw of the Oakland Raiders wrote to Denver Quarterback Craig Morton after Morton had spoken out against the 55% solution. When asked later about the letter Upshaw said. If you want to look at it as

a threat that's just the way I meant it

Such is the talk and the style around this game now. The owners are no less strident chewing over the idea of a lock out professing to be negotiating while mailing the players how-to instructions on quitting a union. In football owners can still regard the athletes lightly confident they will never find a truly competitive market for their services. Jack Donlan executive director of the management council jogs in a NO ERFEDOM NO FOOT BALL I shift the familiar slogan of players on the picket line eight years ago. Less a strike than a student demonstration, that action amounted to marching around the quadrangle a while and then going back to two legal shots to be fired. Under an imusual interpretation of eminent domain Oakland is busily trying to nationalize the Raiders while Davis is hurrically selling tickets in Los Angeles.

At the same time that Rozelle has been ramming his head straight into Da vis and the Sherman Antitrust Act. he has also been trying end around plays. Political football is not just an expression. The NTT's All Stars lobbying team featur ing former Democratic National Committee Chairman Bob Strauss is whee dling Congress to exempt the league from antitrust laws and make the exemption retroactive in Oakland's case. A slightly troubling side to this is that two new expansion franchises may soon be handed out perhaps to Phoenix or Memphis or Birmingham of Jacksonville of Indianap olis and Rozelle has made it pretty plain that he will want to see how the congres sional votes fall before



class. The owners are still grinning As for drugs, the owners favor urinalysis of the sort routine to boxers and Olympians. The players, issociation calls such tests dehumanizing. Only Detroit Lions Tackle Doug English has been heard to say out foud. When you think about it almost all of football is dehumanizing. If the players suddenly announced that they were agreeable to testing in the interest of protecting the integrity of their game not to mention saving a few souls, it would be the first public relations point scored any where in the sport in a long time. Rozelle the former pir man the boy commissioner at 33 is 56 now and looking his age

The mean personal quarted between Rozelle and Al Davis who were opposing commissioners before the National and American Football Leagues agreed to merge in 1966, has been as unseemly as the rest. Davis appears to have won his fight to relocate the Oakland Raiders in Los Angeles, though there remain one or

prizes. In a similar spirit, the 1985 Super Bowl site will not be named for a while Ten cities have applied.

The jingling of all that television mon es had a utopian ring a couple of months ago, but there has not been a sweet sound heard around football since. To complete the NTT's funk there is even another pro league a spring league mustering on the horizon. What does a football fan have to look forward to 'On Aug. 29 the Los An geles Raiders might debut in the Los An geles Coliseum. On Sept. 12 the 1982 sea son might begin. On Aug. 30 Mike Strachan, the Saints Most Valuable Player of 1975, will stand trial on a cocame trafticking charge. The number of other New Orleans players called to court may amount to a procession led by George Ropers the top rusher in the NTT last year. Rogers has admitted to tederal investigators that he spent more than \$10,000 on cocaine during the 1981 season. Not much more than a year ago. Ropers wonthe Heisman trophy By Tom Callahan

Video

When Eden Was in Suburbia

I eave It to Beaver is back in living rooms across America

A house like any other house in the sast expanse of television suburbia. Gabled windows sit atop the pseudo-colonial façade. A sturdy elim offers shade for a manicured fawn. A flagstone path leads up to a hospitable front door. But 211 Pine Street. Mayfield, U.S.A. is not just any house. It is the home of Theodore Cleaver infinitely better known as the Beaver.

The upbeat bouncy theme song plays in the background as a mcllifluous voice announces the east spilling out the front door. Teare It to Beaver, starring Barbara Billingsics. Hugh Beaumont, Tony Dowland Jerry Mathers as the Beaver!

Fousied haired and grimning diffidently. Beaver is a 20th century Tom Sawyer Abic to resist anything but temptation, he is a dimpled noble savage who repards parents as gentle adversaries to be outwitted for their own good. He is a cultural icon for the baby boom generation the symbol of the apple pic possand melted ice-cream sorrows of an idyllic suburban childhood that never really was. At ter a successful six year run. Beaver went off network television in 1963, but it continued to theker on the mental screens of a generation.

Today it is back playing in 34 of the 50 major market around the country. When the show took a vacation this sum mer from W198 in Atlanta, which reaches an audience of 21.2 million, the station received a preater volume of viewer te sponse than it had for any other syndicated show. There are more than a hundred Beaver, fan clubs, across, the nation dubbed. The Loyal Order of the Beaver Ex Star Mathers today commands \$4,000 for a lecture.

What accounts for the show's resurpeni popularity! The Cleaver household is quintessentially suburban, the primetime equivalent of John Cheever's sunlit lawns and the immediate ancestor of Steven Spielberg's split levels. June forever emetres from the kitchen flawlessly coiffed and groomed carrying a tray of treshly baked cookies. Ward, like all TV dads disappears between 9 and 5 to a nameless job, but his real occupation is mowing the lawn and having heart to hearts with the boys. Wally earnest and rather thick is a slightly more amiable and less somm imbulant Rick Nelson Weekly, the values of middle-class America were tested on the show's half hour and proved sound. Like Mr. Three Sons and The Donna Reed Show Leave It to Beaver is based on a reassuring assumintion, the family, solid and resilient is the ultimate sanctuary from the world

Beiver however was different from

the extended television family of Rustys Juniors. Buds and Kittens he seemed real. The world of *Bewer* notes Mathers was seen through the eves of a child. To the Beav adults were an alien and slightly come if species whose rituals could be observed, and minisked. Other television children were passive problems happened to them. Beaver actively courted trouble. He brought home live snakes, fell.



Beaver and Wally in the old days



Mathers and Dow today Life after Beaver?

Apple pictor and melted ice cream sorrow

into a steaming billboard soup bowl and cut his own hair so that he resembled a precursor of punkdom. Beaver was not streetwise he was backvard wise. He was good but never goody goody. In his mind he was pully until proved innocent.

Beaver twitted the values of his parents without actually undermining them. In the secular Cleaver household cleanliness was a substitute for godliness yet. Beaver only washed up to his wrists because hidden dirt didn't matter. Despite the show's recurring theme of honests. Beaver's behavior toutinely triggered layers of good natured deceit. Ward secretly

helped Beaver with his homework. June stealthily took over his paper route. Beaver kept mum

The minor characters were as memorable as the major ones. Beaver's sidekick larry. Mondello looked and acted like a pint size. W.C. Fields. Wally's chum Lumpy Rutherford was just that And of course there was the incomparable Eddie Haskell (Ken Osmond). If Mayheld was I den I ddie was the serpent slyly tempting Beaver to bite the apple of mischief. A lecting skull dressed in a cardigan sweater. I ddie was smarmy to his elders and sneering to his peers. Hey Wally if your gunky brother comes with us. I'm gonna

Oh hello Mrs Cleaver I was just telling Wallace how pleasant it would be for Theodore to accompany us to the movies. In his high pitched whine Beaver, supplied the bittersweet moral. You know Wally I guess of energies like I dedie got to have triends.

After Beaver went off the air lund rumors circulated concerning the shows characters. It was is if Beaver lans, disillusioned by the late 60s wrote their own contemporary psychic postscripts to the show. Beaver was said to have been killed. in Vict Nam. Wally was reputed to have married either Barbara Billingsles or Raquel Welch Eddie Haskell was tumored to be either Porn Star John Holmes (whom he resembles) or the wraithlike Alice Cooper. The collective unconscious of 60s America resenting and yet longing for the simple verities of Mayfield attempted to corrupt the subur -ban paradisc

But in fact Beaver was at the time a student of philosophy at Berkeley and is now a disc jockey and journeyman actor. Ken Osmond joined the Los Angeles police department in 1970 and sued the distributors of Holmes, films to clear up the confusion. Dow is a writer sometime actor and the father of a son (it was his LV stand-in who was married to Raquel Welch). Mathers is currently negotiating with a network to update the past in a two hour. LV movie version of Leave It to Beaver, starring the original cast (minus the late Hugh Beaumont) with Beaver playing Lather Cleaver, and a new generation of pesky children.

The show's characters are not the only ones who still seem to live in the l shadow of Beaver perpetually imprisoned in their adolescent roles. Millions." of viewers who giew up with Beaver find their early memories eerily intermingling with the televised home movies of the Cleaver family. One night at dinner Beaver told his parents that his teacher the voung and confectionery Miss Landers was so old that she remembered a time even before there was 1 television. Asked Beaver plaintively i What did people do before there was television Mom? - By Richard Stengel

Show Business

Are the Stars Out Tonight?

Less and less in Las Vegas, more and more in Atlantic City

the news may not rouse much sympathy from into or stechworkers but ven bir-name casino criteramers are finding it harder shake the money tree these rivs Salaries which jumped s high as \$350,000 a week furing the palms 70s are metly being renegotiated winward. Many casinos in th Las Vega, and Atlantic ity have discovered that hes do not need megatalent

iil. Teleme asks John Jenkins rater co owner of Venas. Maddin. thich of these lousy monkeys is 1111 5 300 000 a week!

It is a good it rudely phrased escon that more and more casmo gerat to easking themselves. The issue very te : the past year

(1) by the economic unip like nearly ery me clae have done some simore arithmetic they can put on a In him is use with a whole troups of funces in microns and comics for 283 than they pay one star.

Star salaries just ment craix is I dward forces owner of the Middlin which midd the system to Singing Stars Wayne Newton and Diana codes in March The performers Ross, strollers along the Boardwalk rice ibsolutely no regard for the ca-

ino operator. People don't want to pay 540 or \$50 a ticket to see them. Indeed fter Labor Day only three Vegas cast ios Caesar Palace the MGM Grand id the Riviera, plan to book headliners ess than half the number of ten years ago-

By comparison with depressed Vegas he Atlantic City casinos are booming since 1978, when rambling was made le-'al nine casinos have opened on the fourinfe-long Boardwalk, and two more are in the way. Located within 300 miles of 40 million people and an easy drive



from New York Philadel. phia Washington and Baltimore. Atlantic City drass a less sophisticated crowd than

its more cosmopolitan Western rival Many people come to Atlantic City for only a few hours in fact changing clothes in their ears before the evening's show Others arrive by bus some 200,000 buses disporped passengers in the city last year

To the tourists who crowd this manislot machine by-the sea stars are still a novelty and an appearance by a Wayne

Newton or a Tom Jones is an almost certain sellout. One of the oddest spectacles in America in fact has to be a Tom Tones audience in which a couple of dozen women usually attractive and well

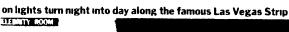
> dressed throw their panties onto the stage and compete for what appears to be a deep kiss from the male mas ter of the bump and grind. Yet even in Atlantic City only four casinos regularly count on stars to help fill the gaming rooms. Like their counterparts in Vepas, the other five produce their own revues

For the casinos entertainment is a lure a come on to entice gamblers through the doors, the value of an act is measured by how much it raises the drop the total volume of bets on the gamine floors. Live years ago even a fee of \$100,000 or more a week seemed a bargain if a star actuallpulled customers onto the gaming floors. Just before his death in 1977. Hyrs Presley was paid about \$125,000 a week by the Las Veras Hilton for example and in the way salaries are measured, he was worth every ponny. I lyis not only sold out

> every show but we had to turn down thousands of requests for tickets every day. says Hilton Executive Vice President Henri Lewin - He would have been reasonable if he had cost the hotel \$1 million a week

> In the late 70s however the fees suddenly doubled and tripled. When the Rivier esigned Dolly Parton for a widely publicized \$350,000 a week in 1979 ever other enterrance in town put a call

through to his agent. As Jenkin, remembers it. Every other performer with an ego the size of the Astrodome said. If that big-bosomed broad is making that I aid of money I should be too. Two cars ago. the bubble burse for only the second time in its 50 year history as a pambling resort. Las Vegas felt the effects of a national recession. Now even if they do ittend a





All that glitters is in the Jubilee revue at Vegas' MGM Grand Hotel



show too many customers avoid the slot, machines and the gaming table. When the curtain descends her head for the side exits a kine only if the easino validates parking to kets.

As they watch the polden goose scaddling away even some of the entertainers are angry at their greedier of leapies. Star entertainers have escalated salaries to the point that the, have become prohibitive complains Comedian Norm Crosby. It is not fixing money they are asking for 10 is egomioney. Says Robert Coulet. Performers have priced themselves out of work. No one deserves the money some of them were petting.

Coulct who stars at Las Vegas Dunes got his job by agreeing to a imique deal the easinoge es him no fee it all but picks up all costs and splits the gate with him. If he packs the house he can make about \$40,000 a week. Other stars have cut their asking prices. Bobby Vinton and Dionne Warwick, for instance, have gone down from \$125,000 a week to \$75,000.

Still some of the stars continue to draw and a very few continue to command huge salaries. I rank Smatrafor instance attracts not only customers but high rolling customers. During the eight days he played Atlantic City's Resorts International this past June, the drop was \$6.5 million larger than it had been during the same period in 1981. more than enough to justify his staggering tee of \$50,000 a show. We didn't fork over the kind of money we gave Smatrabecause were mee purs - says Resorts Executive Vice President H. Steve Norton. It pays off for us as a marketing tool. It's better for us financially to have this crowd on our property than in another casino down the Boardwalk

Another marketime tool named Diana Ross helped add 85 million to Resorts drop in May and when Engelbert Humperdinck appeared there over the Lourth of July weekend the easino set all time records Says Norton. We've basically climinated most of the performers who don't cover their own costs. No casme is likely to repeat the mistake of Vegas. Vladdin Hotel which put Donnie and Marie Osmond into its Bighdad Room last summer. Their crowds drank Cokes and left says one Vegas marketing analyst.

In their sometimes desperate search for the perfect but inexpensive come on both eities are experimenting with different kinds of entertainment, including old-tashioned Broadway shows. A road show of *The Perates of Penzance* was a fit at Resorts, and Las Vegas. Desert Inn reported success with touring troupes of a Chorus Line. Innu. and The Best Little Whorehouse in Texas. Most of the stars may have priced themselves out of their old homes at the easinos but Broadway may have found a whole new high rolling audience.

By Gerald Clarke

Reported by Phil Hevener Las Vegas and Jack E White Atlantic City

Cinema

Big Mac

AN OFFICER AND A GENTLEMAN Directed by Taylor Hackford Screenplay by Douglas Day Stewart

t is as if they shot the novelization in I is as it they snot as a different and stead of the screenplay. An Officer and a Gentleman works more like a paperback page turner than a film intended for the allegedly sophisticated movie audience of the 80s. It is full of bang-on melodramatics and simple romanticized characters with carefully supplied motivations. Aside from a few delightfully dishonorable throwbacks we haven't had moviemating like this since the 50s and maybe we don't want it. But what a long denied pleasure it is to make up one's own parodies as the film unreels rather than try to force a laugh or two at some arrest ed adolescents idea of what is tunny about people who are at once stupid



Gere and Winger in Gentleman Reducing experience to pulp

and entirely serious about themselves The situation is a classic Zack Mayo (How do they think up names like that 'els the son of a Navy enlisted man, whose daddy is seen clabor nely not loving him in the prologue. To get back at him. Zack (Richard Gere) must become well an officer and a gentleman. He enrolls in Naval Aviation Officer Candidate School a form of organized flagellation that we are led to believe makes all other brands of basic training look like the vicar's lawn party Underneath Zack sculler exterior the discerning eve can detect the right stuff. as it were. The discerning eve in this case belongs to a black drill sergeant, played with male volent high spirits by Louis Gossett Jr. Of course. Zick's spirit will first have to be broken a process Crossett undertakes with relish. Then too Zack will

have to Learn to Love which of course means Learning to Trust Luckily Paula Pokrifki (Debra Winger) is around to take care of that educational effort. The movie holds that pirls who hang around officer candidates are not above faking pregnancy in order to graba man due to don an upmarket uniform, and Zack is supposed to wonder for at least three seconds if that is Paula's pame.

It is perhaps unnecessary to add that women will cheer and men will weep (and vice versa) when Zack passes all the tests the Navy and the opposite sell can devise ; and emerges as a man worthy of having a few million backs worth of I-111 in his hands not to mention clovely bride Gere and Winger play this nonsense as if net ther one of them, had ever seen an old tash. ioned military romance, and bless their voithful innocence, perhaps they haven to Director Hackford however surely has since he demon strates in enevelopedic eye for their cliches. All caperly serve Writer Stewart's carnest desire to reduce experience the is a Navy or Sociaduate) to pulp-Nover does a sattrical pleam enter any one seve. The result is a Big Mac of a mes ie junk food that somehow reaches the chortling soul By Richard Schicket

Machochists

BARBAROSA

Directed by Fred Schepisi Written by William D. Wittlift

THE CHALLENGE

Directed by John Frankenheimer Screenplay by Richard Maxwell and John Sayles

For a tough-puy movie hero these days it doesn't matter whether he can dish it out he has to be able to take it. He must \{\} be a Zen store who overdoses on pain in order to prove himself to himself. In Barbarosa Willie Nelson lies placidly in his a own new prave he cauterizes his own stomach wound with flaming gunpowder an enemy's builet creases his cheek not a word not a whine not so much as a flinch In The Charlenge Scott Glenn dines on live eels and beetles, stands buried up to his neck in drit for five days, gets karated or garroted every five annutes. So reads the code of the Old West (in Bar) barosa) and modern Japan (in The Challenge) the rite of passage has become a suicidal gauntlet. Cali it machochism.

Both Barbarosa and The Challens e trace the search for a spiritual father who will teach the male lessons of energy and discipline. The films mean to display these virtues as well and get a head start toward that goal by easting as the mentors Willie Nelson and in The Challenge Toshiro Mitune, two sternly noble faces worthy of being carved on any emematic Rushimore. Each man earnes an aura of



Willie Nelson in Barbarosa

I levating legend into myth

stolid grace and flashing moral strength Nelson is Barbarosa, an agine outlaw who has grown tired of fiving up to his 30. year legend. Gary Busey plays (engaging) 'v is always) a renegade farm boy who want, to be part of that legend and if he in extend it into Western myth For all its genre trappings. Barbarosa is essentiall, a conicdy about friendship, both the humor and the amity are infectious. Austrahan Director Schepisi (The Chant of Irrimic Blacksmith) uses his telephoto lens to caress the rugged vistas and visages of West Texas like a melancholy lover. Time-tipse shadows lope across a mountain range cloquently suggesting the irony of a professional in the twilight of his career. He is too old and lonely to keep playing the boy's game of trying to be a man

The spring of Barbarosa's plot is an endless battle between the outlaw and a Mexican family he married into decades ago. There is a blood tend in The Challenge too as bloody as it is feudal. Two swords have been in an old Japanese faniily for six centuries. Now in modern Kyoto two brothers fight to the death for possession of those swords. Life it would seem is cheap in the mystic East, at least then an Occidental director like John I rankenheimer invades Japan to make a martial-arts movie. Glenn and Mifunc inade the industrial fortiess of Mifune's brother and banzar 23 men are dead of arrow sword spike and gunshot wounds. Honor is all death is nothing except the excuse for some spectacular carnage

Only at the climax does Frankenheimer build something durable out of the mayhem a metaphorical bridge between old and new Japan between the integrity of the samurar and the ingenuity of the technocrat. The warrord's fortress is an executive suite the warchtowers are electronic eyes hero and villain cross swords over a photocopier wrestle on sleek chairs and desks almost electrocute each other with a computer's exposed

wires The final blow be warned is a vertical slice through the bad guy's cranium. One wonders how many members of the audience will stay around to watch the end of this compact. Armageddon, and how many of these will leave with a splitting headache.

By Richard Corliss

Slaphappy

NIGHT SHIFT
Directed by Ron Howard
Screenplay by Lowell Ganz
and Babaloo Mandel

Chuck Lumley (Henry Winkler) is a human fire hydrant for the mad dogs of Manhattan Delivery boys smear mustaid on his door jamb. Sex with his fiancee a compulsive eater is a quick kiss between bites of Mallomars. And his new partner on the night shift at the city morpue Bill Blazejowski (Michael Keaton) is trouble a pinwheel of sputtering ideas a motormouth that roared. Out of desperation and a growing fondness for the girl next door (Shelley Long). Chuck devises a scheme that will make them all rich he and Billy will act as business agents, for a flock of unchaperoned prostitutes, and his office will become the best. 1 little morgue house in New York

No script co-authored by a man named Babaloo Mandel can be without its patches of agreeable whinisy. But Ron-Howard who has been acting in sitcoms (The Ands Griffith Show Happy Days) for most of his 28 years, should know more about shaping comic characters situations and moods than he shows here Winklet the Fonz on Happy Days is pleasantly put-upon here. Michael Keaton also from IV is mildly manic and Shelley Long so resembles Pam Dawber in her squeaky cuteness that one wonders why the producers didn't raid Mork and Minds for the real thing. Sitcom humor like water and sex is something that is more enjoyable when it is free R C



Winkler and Long in Night ShiftMorgue man meets girl next door

Il leave with a By Richard Corliss | Soaring Costs

 $^{+}$ US health bill jumps 15 1%

The U.S. Government confirmed last week what everyone knew health costs are soaring. In fact according to the Department of Health and Human Services, the nation's health bill shot up 15.1% in 1981, outpacing the 8.9% inflation rate for the year.

Overall medical costs both public and private rose to \$287 billion. The sum represented a record 9.8% of the gross national product averaging out to \$1.225 for each American. The HHS report noted that the rapid increase in medical spending was caused in great part by the routine payment of two thirds of all medicar charges by Government programs and private insurers. These disturbing figures said HHS Secretary Richard Schweiker, are the strongest argument for reforming the existing system of health-care-cost reimbursement.

Medicare and Medicaid expenditures together totaled \$73 billion accounting for 29% of all health spending. The two programs last year paid for more than one third of all the nation's hospital bills. Since Medicare serves the elderly and much of Medicaid is spent on long-term care of the elderly poor these programs will continue to increase rapidly as the U.S. population ages.

The HHS statistics showed that over the past ten years

- ► Expenditures for hospital care one of the principal causes of the huge 1981 in creases quadrupled to \$118 billion
- ► The costs of physicians services more than tripled to \$54.8 billion
- ► Nursing-home expenses increased more than fourfold to \$24.2 billion

The Reagan Administration is considering proposals to increase competition among health-care providers and place limits on tax-code provisions that permit excessive use of doctors and hospitals. The White House however has not submitted details to Congress, which has been unable to agree on its own plan.

Some states have decided they cannot afford to wait for federal action. California for example, has just passed a bill that will require state officials to choose the lowest-cost health care for Medi Cal (Medicaid) recipients. The law will permit private health insurers to do the same for their subscribers. As a result next year California Medi Cal patients may be restricted in choosing their doctors and hospitals. William A. Guy, who administers the Medi-Cal watchdop program sums up his task bluntly. Says he. Hospitals are a major part of the cost. The issue is how to hold them accountable.

Economy & Business

A Big Fight over Tiny Chips

Japan and the U.S. are struggling for supremacy in semiconductors

raditionally, the industrial strength of a nation has been measured by its ability to make things big the immense blast furnaces of its steel mills the vast concrete expanses of its dams and the monumental skyscrapers towering over its cities. In the future industrial might will flow increasingly from the power to make things small the micro scopic electrical circuits that form the core of computers, calculators missile control panels televisions video games and all other electronic products. Called semiconductors, these circuits are most commonly etched in invisibly intricate detail on thin silicon chips as small as a baby's fingernail Marvels in miniature the chips can execute commands perform complex calculations and store libranes of information. What iron and steel were to the Industrial Revolution semiconductors are to the Flectronic Age

American companies pioneered electronic technology and have dominated the industry ever since primitive semiconductors were first mass-produced in the 1950s Now that supremacy is being threatened by a formidable and frightening competitor Japan Last year Japanese companies led by Hitachi Luitsu and Nippon Electric captured 70% of the world market for a new advanced chip called the 64K RAM (for random access memory) that is expected to become the |

biggest-selling semiconductor product by 1985 This chip can store 65 536 separate bits of data, or four times the capacity of the 16K RAM, which until recently was the industry standard For US chipmakers who have watched the Japanese cripple the American auto-steel and television industries the 64K strike was ominous Says WJ Sanders III chairman of Advanced Micro Devices one of the many semiconductor firms that have sprouted in Northern California's Silicon Valley 'This highly successful productive U.S. industry, the leading edge of this country's economic future is hurting

The struggle for the chip market took a new turn last week when the Department of Justice announced that it was investigating six Japanese firms for possibly conspiring to limit their exports to the US and prop up thip prices. The probecame as a surprise because only last year the Japanese had been cutting prices to boost exports. Many Tokyo officials saw the investigation as Washington's attempt to retaliate against their success in the ! semiconductor confrontation

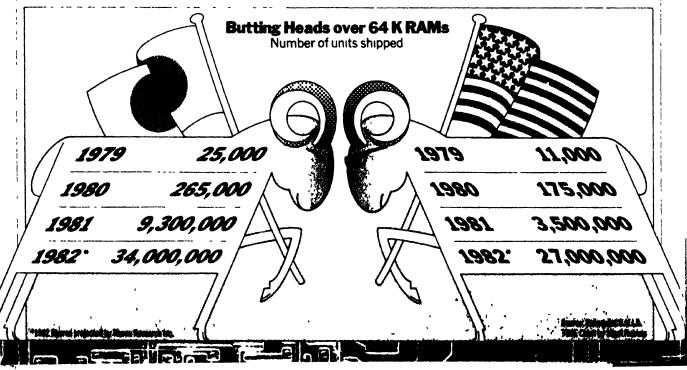
The stakes in the chip competition are staggering. Worldwide sales of semiconductors are expected to surge from \$14 billion last year to \$27 billion in 1985 including \$2 billion for the 64K RAM alone

Almost everything is going to have chips

Malmgren, a trade consultant in Washington DC Japanese companies last year garnered about 33% of all world chip sales, up from 27% in 1980 and not far behind the US share of 43% Says an official of the Electronic Industries Association of Japan The chip war must be more and more intensified as time goes by between Japan and the U.S. That's the industrial destiny of both of us

One reason the Japanese took the lead in the market for the newest generation of memory chips was their price cutting in the early competition. In 1981 Japanese firms dropped the cost of a 64k RAM from about \$23 to as low as \$5 and it has stayed at roughly the same level this year Though major American electronics companies like Motorola can afford to match 1 that kind of price, the smaller, more specialized Silicon Valley firms like Intel and National Semiconductor are more hard pressed to stay competitive

tlicon Valley chipmakers complain S that they fell behind in the 64K competition because Japanese firms benefited from relatively cheap bank loans (as low as 6% vs about 16% in the U.S.) and gov ernment aid for research and development Moreover the Americans say such large and diversified companies as Hitachi (1981 sales \$15 billion) and Nippon even your lawnmower 'says Harald | Electric (\$5 billion) could afford to forgo



rofits on memory chips in order to unercut competitors. In the jargon of forign trade, Japan has allegedly 'dumped' hips in the US market at a price lower an production costs

The Japanese deny such charges aruing that their prices are low because of fficient, highly automated production mes The Japanese obtain higher yields han most US companies This means that a smaller number of Japanese chips have to be discarded because of defects Many US semiconductor customers admit that price is not the only reason they buy Japanese Says an executive of a mafor computer company. When it comes to memory-chip quality, the Japanese have no serious competition

The US Government's responses to the Japanese chip challenge have so far been indecisive and sometimes contradicfory Though the Administration has not directly demanded that Japan reduce its exports Commerce Department officials late last year began informal discussions

with the Japanese about the problems they were creating for the US semiconductor industry In February Administration officials let it be known that the White House was considering putting restrictions on Japanese chip sales in the U.S. The device was to be a rarely used law that allows the President to curb imports deemed to be a threat to national security The rationale was that semiconductors are crucial components of weapons systems and that the U.S. should not become dependent on foreign suppliers

At about the time that liberations appeared in the American press the Japanese

government warned its chip manufacturers to make sure that their marketing practices in the US were beyond reproach Says Atsuyoshi Ouchi senior exccutive vice president of Nippon Electric We were told that we had to be particularly careful about the possibility of being slapped with charges of dumping

Not long after that Japanese shipments of the 64k RAM to the US slowed down a bit, and the price of their chips stopped falling The Japanese firms said they were limiting their exports because of strong demand for chips in their domestic market. Some industry analysts in the US however suspected that the Japanese were reducing their shipments to avoid facing U.S. import restrictions

Washington's involvement took a biarre twist last week when the Justice Department, perhaps acting on complaints from US computer companies that buy imported chips said it was investigating the possibility that rapanese firms had conspired in violation of antitrust law to limit exports and hold up semiconductor prices The Japanese companies were be-

ildered by the announcement. First they had been politely warned by the Com-

merce Department that they were exporting too many chips, now they were being accused by Justice of shipping too few ' You're damned if you do and damned if you don t' says William Tanaka a Washington lawyer for the Electronic Industries Association of Japan US semiconductor manufacturers were equally perplexed Says Alan Wolff counsel of the Semiconductor Industry Association The Justice probe is very strange. It sas if they re saying to the Japanese 'Why aren't you chopping your prices and driving American industry out of business? There was no official explanation for the Government's inconsistency Shrugs one exasperated trade official "The Justice Department doesn't consult with people around town before taking actions like this

Many semiconductor executives argue that unless the Government develops a strong coherent policy to help their industry, Japan will continue to make disturbing inroads into the chip business Motorola Chairman Robert Galvin, for



news of the White House de- Western Electric's 64K RAM: a storehouse for 65,536 bits of data Our industry has a great deal of macho. We don't concede things

one has called for restrictions on imports if Japan does not change its trade practices Says he 'Anyone in the electronics industry who does not think that the bell tolls for them is ignoring the obvious

hat note of alarm may be premature Many other chipmakers are confident that with or without special Government action they can best the Japanese We are an industry imbued with a great deal of macho' says Intel President Andrew Grove We don't concede things. We're a bunch of top dogs. In fact, Motorola, Intel and other American firms have already improved their memory-chip production techniques and begun to whittle away at Japan's lead in sales of the 64K RAM Benjamin Rosen an independent industry analyst has estimated that Japan's share of the world 64K market may drop from 70', to 56'; this year

Though American firms have fallen behind in the memory competition they are still ahead in the production of logic chips, which can perform computations and manipulate information rather than just store it US companies led by Intel and Motorola, are particularly strong in the most advanced mass-produced logic chips sold in the general market, which are called microprocessors Says Peter Tierney a semiconductor expert with Sperry Univac, a major American computer manufacturer 'If you named the ten best microprocessors. I don't think there would be a Japanese product among them The US also appears poised to take an early lead in sales of the newest generation of logic chips known as 'gate arrays" These versatile chips can be tailored in small batches to meet the special needs of individual customers

Ironically the outcome of the semiconductor contest could be affected by two giant American companies that have never sold a chip IBM and the Western Llectric unit of AT&T They make millions of chips but use them internally to build such finished products as computers and telephone switching equipment IBM produces more 64K RAM chips than all the world's semiconductor firms combined. The company's manufacturing

process for the 64K achieves a phenomenal 60% yield of perfect chips, compared with a maximum of 50% claimed by the Japanese

IBM and AT&T have exceptionally skilled semiconductor scientists. In a recent speech IBM President John Opel declared We have the lead in technology and we intend to keep it IBM may soon mass-produce a 288K RAM memory chip which can store 294 912 bits of information Western Hectric leads in developing so-called linear chips including one that enables computers to imitate the human voice

If these two behemoths ever decided to go into the business of selling chips it could be a blow to Japanese hopes for semiconductor supremacy. Both tirms have considered such a move. I would not preclude that in the future we could think about becoming sellers says Paul Zweier a senior executive vice president of Western Flectric Meanwhile at IBM Paul Low a vice president says We contemplate it regularly Both IBM (1981 sales \$29 billion) and Western Flectric (\$13 billion) have the resources to build production lines large enough to compete with the big Japanese firms

The technological prowess of IBM Western Electric and the scrappy, innovative chipmakers of Silicon Valley makes it almost certain that the US will be able to hold its own in the semiconductor contest. The possible applications of chips are limitless and the potential market is so vast that there will be room for vigorous semiconductor industries in both the US and Japan. The Japanese challenge will help spur American chipmakers to even greater technological achievement --- By Charles Alexander Reported by Dick Thompson/San Francisco and Frederick Ungeheuer/New York

COVER STORY

The Turnaround at Fiat

Italy's born-again giant points the way for Europe's carmakers

he 1970s were a succession of disasters, a time of energy crisis and off-and-on recession of shrinking markets and mounting losses. As the new decade began the venerable I abbrica Italiana di Automobili Torino better known as Frat seemed headed for a deep and possibly fatal fall. Its products were outmoded. Its executives lived in fear of terrorists. Its workers were among the most expensive and least productive on the Continent. At the nadir of its fortunes the company was paralyzed by a 35-day strike the longest in Italian histoiv. There were even rumors that the Agnelli family. Liat's founding dynasty and primary shareholder, wanted out

That was just over two years ago, but if it might have been in another century For just at the darkest moment, the giant dug in its heels. Under the leadership of its patrician chairman 61-year-old Gio- 1 vanni Agnelli. Liat brought in a new generation of top professional managers and reorganized its sprawling operations (450) companies around the world producing everything from cars to steel to the Turin daily newspaper La Stampa). The company faced down a number of hostile unions and drastically trimmed bloated employment rolls. It automated its factories and poured billions of dollars into research and development to make its cars competitive once again

The result has been one of the more remarkable comebacks in modern industry Where Fiat's share of the European car market had shrunk to 11% in 1979 from a high of 18% in the 1960s it had climbed back to 13.5% in 1981 and is inching up to a 13.6% sofar this year. Where daily worker absenteeism had once routinely hovered between 14% and 18% it dropped last year to less than 4%. Where innovation had languished updated models suddenly began appearing at a rate of one every two months. By the end of 1981, the company had regained its old ranking as Western Europe's biggest car manufacturer, and posted its first profit since 1977. Boasts Managing Director Cesare Romiti 58 Frat is now equipped to survive and flourish in the world car industry

Most astonishing of all Flat accomplished its rebirth during one of the worst periods in the industry's history. Since 1974 Western Europe's auto companies have been hit by soaring costs punishing interest rates and aggressive Japanese competition. A few have managed to prosper notably West Germany's Mercedes-Benz and BMW but most have not The list of losers in 1981 included

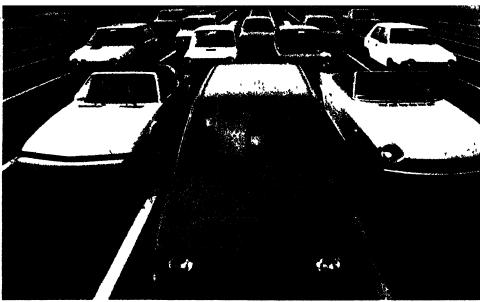


Harbinger of an automated future, a robot welder does its work on a Flat assembly line

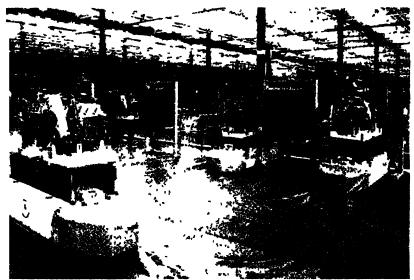
For the best cars now you need the best machines. Robots guarantee very high quality







Company lineup: where innovation once languished, new models began appearing at a rapid rate







Assembly-line worker: A vanishing breed?

France's Renault and Peugeot Italy's Alfa Romeo, Britain's BL (formerly known as British Levland) West Germany's Opel and De Lorean (which ran out of cash six months ago). For most, the road back to profitability is strewn with hazards. The industry is getting harder and harder, says a leading French analyst. If a company puts out an unsuccessful car now it has every chance in the world to go bankrupt or to be absorbed by another company. The slightest error can be fatal.

To ensure their survival most Western European companies are pouring money into developing fuel-efficient low-naintenance models for the 1980s. Most are trying to pare their work forces, both to cut wage costs during the present slump and to make room for automated assembly lines, an absolute necessity if Western European productivity is to approach Japanese levels. In the past such a course would almost certainly have meant labor conflict. Instead some analysts now see

an emerging consensus that the industry must pull together or die. In that sense the turnaround at I iat may have been prophetic. 'What happened at I iat is historically important—says Marc Ouin secretary general of the Society of I uropean Automobile Builders—For the past five years it was a mess there. Then they realized they had to modernize and become more efficient. The change was tremendous. That is what we all must realize If I uropean union members want to continue their life-styles, we will have to accept technological modernization.'

after the 1973-74 energy crisis While the rest of the industry rushed to develop new gas-saving models Fiat decided that the future lay in diversification. The firm expanded into such widely divergent fields as civil engineering, power-generating equipment and telecommunications. The new ventures brought in welcome profits during

lean years but the policy of neglecting the auto sector doomed Fiat vehicles to quick obsolescence. Sales inevitably declined At the same time productivity in Fiat factories went into a tailspin. Fiat analysts estimate that in 1978 for example. Toyota turned out just under 43 cars for each of its employees. At Opel in West Germany, the figure was 29 and at Fiat 11.2.

The drop in productivity was a direct result of deteriorating labor relations which coincided with the rise of left-wing terrorism in Italy. Through most of the 1970s the city of Turin lived in constant fear of Red Brigades terrorists thanks to the sprawling presence of I iat the country's largest private company the very symbol of Italian capitalism. Between December 1973 and January 1980 there were 29 terrorist attacks against I iat employees four people were killed one kid naped 27 wounded. Less publicized but equally damaging was the violence going on inside I iat factories. In 1979 the com-



Managing Director Cesare Romiti



Deputy Chairman Umberto Agnelli



Holding Company Chief Gabetti

pany lost an estimated 200 000 cars (out of annual production of 1.5 million) through sabotage and wildcat strikes. Middle-level managers and shop foremen reported an organized campaign of intimidation including threats of personal harm and property damage. Workers who refused to take part in strikes fisked having their cars destroyed.

By October 1979 the situation had become impossible and a delegation of middle managers took their case to Agnelli who responded by sacking 61 leftist militants for well-documented acts of vandalism, sabotage and intimidation. The mass tiring brought an immediate protest from Fiat's unions which sued to have the decision reversed. A local court however ruled that the dismissals were justified many of the 61 were later found to be members of the Red Brigades or similar left-wing groups - and terrorism virtually disappeared from Fiat factories.

Meanwhile a thorough housecleaning was already under way in the company's executive suites. Contrary to rumor the Agnellis never considered selling out Indeed Fiat's salvation was to a considerable degree an act of faith by the family and an act of will by its patriarch. Giovanni. Far more than most dynastic corporations Ford for instance—Fiat is controlled by the Agnellis Whatever its internal differences, the clan lines up solidly behind Giovanni in public. As one lifelong friend puts it. Gianni is the unquestioned head of the family. He runs the show. In 18 years as I lat's chairman Giovanni Agnelli has become one of the world's most recognizable industrialists. Along the way he has acquired a reputation for elegant Old World charm and hardheaded business acumen By the mid-70s however the company was dangerously ill

Agnelli and his top lieutenants opted for radical surgery. In 1977 they scrapped hat's old-fashioned pyramid organization in favor of a more decentralized system of strategy centers, each responsible for its own planning and profits. Then in 1979 hat itself became a holding com-

pany, and its tangled interests were re-1 grouped into cleven wholly owned subsidlaries (The reorganization an immensely complex undertaking is apparently complete this year the company issued its first consolidated annual report) Finally in 1980. Agriclli decided to remove the ! family from day-to-day operations. Accordingly vounger brother Umberto 47 relinquished his post as managing director to become vice chairman (He Gianni Romiti and Gianluigi Gabetti, head of the family holding company, form a ruling inner circle that decides corporate strategy) Day to-day operations passed to a new group of professional managers. Key among the new executives is Romiti a onetime head of the national airline. Alitalia who succeeded Umberto as managing director

omiti took the reins in the sunmer of 1980 just as Fiat's woes were reaching crisis point. The company was well into its third straight year of losses the 1980 deficit would reach \$200 million and the Bank of Italy had refused to devalue the lifa as a means of stimulating Italian exports Consequently Romiti announced that hat would lay off 23 000 of its 126 000 auto workers for up to three years and require productivity increases from those who remained With that the Federazione Lavoratori Metalmeccanici (FLM) or Mechanical Irades Unions which represented all blue-collar workers ordered a walkout that shut down the company for 35 tense days. Neither side would budge. The Communist Party called on the workers to occupy the factory Agnelli refused to compromise We re going to go right to the end he declared and we re going to make it

The impasse was finally broken with an act of pure cinema. Fed up with the actions of a militant minority and tired of going without pay. Fiat shop foremen organized an unexpected back-to-work demonstration. The result was the so called March of the 40 000 a dramatic silent procession through the streets of Turin by middle managers and ordinary



Two trainloads of cars leave Turin on their way to the U.S. market
Frut v brush with disaster and its sheer size make it a microcosm of the industry

Economy & Business

likers. The demonstration broke the the and showed conclusively that the ant unions did not speak for the ma-, on the shop floor. One should not nume that the demonstration by the 000 was directed by reactionaries and nservatives says Giorgio Benvenuto ad of the moderate Italian Federation Itade Unions (UII) Nor was it an itilabor manifestation of the right. It as however a dangerous indication of incapacity of the unions to represent er vone

Fiat's unions have been in retreat ever nce A Communist Party survey taken 1 carly 1980 had already shown that fewthan half of the company's workers car-

icd union cards and even fewer hared the political views of their iganizers. The march demonrated that the most militant mons were clearly out of touch oth their rank and file. Not surrisingly I L M membership has colined by 10% over the past 18 ionths, and the union's influence a faat policies has all but evapoated Laments I I M Secretary om de Alessandri - The compay ao longer thinks it's necessary hat the labor unions approve its susiness strategy. If the unions gree fine. If they don't they are mored

ion the confrontation with a wwei rare in Italian industry the bility to tailor the size of its work ice to market demand. Liat's ast step was to go through with he 23 000 layoffs that had trigcred the September 1980 strike hen anticipating that producon was likely to remain below spacity until some time next car the firm adopted a policy of stating layoffs that idle some 0 000 workers for one week each ionth. The resulting wage savigs and industrial peace gave the ompany some badly needed elow room. We had everything oing against us - terrorism the cession an overvalued lira laor troubles and inflation 'recalls senior executive "One by one ou can see the problems being lived moving from the right side the desk to the left. There is fore time now to think a little bit do more constructive things nan mere fire fighting

One highly constructive thing program of product renovation as already well under way before ne strike. Fiat had resumed planing new models in 1978 after a pur-year hiatus and in 1979 it junched a five-year \$5 billion resarch and development plan. Inovations quickly began appearng on its old models. Then came. The 40,000 march through the streets of Turin *0 completely new cars the

Ritmo and the Panda geared to the energy-conscious market of the late 1970s

Later this year I rat will introduce another new automobile called the Tipo Uno (Type One) Though still under wraps the car is expected to carry on the trend toward lighter more economical vehicles. Fiat strategists hope that the Tipo Uno will be to the 1980s what the popular I-rat 127 (5 million sold) was to the 1970s Meantime the company remains committed to tightly controlled production and continued innovation We will not make one car bus or truck beyond our normal stocks pledges Francesco Paolo Mattioli 41 the group's chief financial officer. With a tight mon-

That's management emerged. Union leader addressing workers during the 1980 strike



If the unions agree fine if they don't they are ignored

ev market all our money will go into new investment not into working capital

While Fiat was reshaping its model range it was also streamlining its production methods. Welding painting and engine manufacture have all been automated over the past eight years, and the use of common components has been vastly increased. A decade ago, the company offered 29 variations on 14 basic models Today thanks to interchangeable chassis, engines and the like the company markets comparable variety with just five basic cars at far lower production costs Our natural market the area in which we are concentrating our efforts is in the 1 000-cc to 1 600-cc range explains Vittorio Ghidella 50, who heads the

automobile division. Take the example of the Ritmo on one basic chassis we are able to offer nine versions. Our strategy is to rationalize something the customer does not see to optimize the mechanics for a wide range of models

Results so far have exceeded all expectations Productivity jumped 20% in 1981, exports rose 8% and liats market shares climbed in every Western Luro pean country outside of Spain During the same year, the company's consolidated worldwide sales increased by 21% to \$17.4 billion. resulting in a profit of \$76.7 miltion an increase of 90% over 1980. The auto division was central to the turnaround. I hough it only broke even in 1981 that alone represented an improve ment of \$83 million over the pre vious year's performance. It was Ghidella says a textbook example of how a company on the verge of collapse can get back on its feet

For that reason alone Trat's resurgence has resonated far be yond Italy's borders. All of West. ern Europe's carmakers have been wrestling with their own variations of the Liat syndrome. A few notably Alfa Romeo and BI are close to the precipice Most have had to lay off thousands of workers, thereby swelling, unemployment rolls and angering unions anxious to protect jobs Despite increasingly parlous labor relations virtually every Western European manufacturer is seeking greater efficiency through to bot production to the extent of creeting fully automated factories However tentative its success in dealing with these issues. Fiat's brush with disaster not to mention its sheer size has made it a microcosm for the entire industry

Perhaps the most interested a observers of the turnalmut in Turin were the executives of BI

Economy & Business

Britain's stricken state-owned auto manufacturer Since the mid-'70s Bl has amassed an unbroken string of losses atts 1981 deficit was nearly \$939 million. By one measure productivity languished at a pathetic annual rate of 3.9 cars per employee about the rate at which the British industry as a whole was running in 1929. Though nothing like the March of the 40 000 occurred at Bl relations with the company's strike prone unions have long since become periodic exercises in brink manship BL's storied marques. Daimlet Jaguar Rover MG Triumph and Austin were kept alive by a stream of government loans totaling \$4.4 billion at last count

Yet through its travails BI has steadily become a fauter ship Under Sir Michael I dwardes 51 its nervy South African born chairman the company has in effect crammed two decades of reorganization into just three years. The work force has been slashed by 47% (to

104 000) Seven old plants have been closed. Iwo famous but unprofitable models the MGB and Iriumph LR7 sports cars have been scrapped. At the same time, new models have been developed modern production lines installed, and BLs once infamous manufacturing delays have all but disappeared. Orders that used to take months to meander through the system are filled on schedule.

The result could be BL's salvation. Assuming decent labor relations and favorable exchange rates for the pound Sir Michael expects the company to break even in 1983 and to be 'freestanding' the following year By 1985 BL hopes to control 25% of the British market (is 19% today) and to be selling

some 200 000 units annually on the Continent. To reach those goals 1 dwardes proposes to trim an additional 9 000 workers from the employment rolls this year invest some \$2.7 billion in new production technology over the next three years and market a thoroughly revamped product line. The overmanning inherent in our business will no longer exist at the end of this year—he recently told a parliamentary committee. From then on we will be dealing with market forces.

The recovery is by no means certain but there are hints of an upswing Jaguar's US sales jumped significantly last year and BL as a whole made encouraging new intoads into the Continental market Last March the company's sales in France West Germany Italy Belgium and The Netherlands totaled 8-896 units nearly double the figure for March 1981. The gains reflected growing acceptance of two new models on which the company pins its hopes for the 80s the Iriumph Acclaim a Honda-designed sedan manufactured under license in the

U.K.* and the Mini-Metro the first BL car built by industrial robots. BLs best-selling car the Metro is currently available in four models. Four more versions are due out later this year including a sports car that will resurrect the MG logo.

he prognosis is less hopeful at Italy's Alfa Romeo another stateowned company plagued by over manning slack productivity and declining sales. Alfa has been in the red since 1973 like BL it has been sustained only by large and frequent injections of government money. Until recently it was estimated that the firm lost more than \$1,200 on every car it sold. Last year as I sat forged ahead. Alfa's sales dropped to 194 000 units from 204 000 in 1980. At the struggling Alfasud plant outside Naples during one period last year only half the cars that rolled off the line were reads for delivery on the first try the rest had to be sent back for missing parts. I mal 1981



trol $25^{\prime}\epsilon$ of the British market. Tragic past: body of a Fiat manager killed by terrorists in 1979.

results recently announced show Alfa's losses totaled some \$72 million

With disaster imminent launched a crash-recovery program at the first of the year. Seven thousand of its 29 000 workers were laid off until some time in early 1983 and one-third of the remaining 22 000 were idled on a rotating basis (60 days off for every 180 on) for the rest of this year. Meantime, the company was moving to renovate its product line. It signed an agreement with Nissan of Japan to produce an as yet unnamed new car (Alfa will build the drive train Nissan the body.) The measures have already begun to pay off. At the April Turin auto show. Alfa reported the greatest improvement of the past twelve years. Within a matter of weeks productivity has in-

The Acel init has lately come under attack by Frat which charges that the car is 60°. Japanese-made and should thus fall under Italy 2 2000-car annual juota on Japanese imports. If the Acelaim is count Jin the Italian quota its legal status in other Comion Market countries would become dubious as ould that of the product of other European Japanese joint ventures.

creased 40%. Absenteersm at the plant near Naples fell from an average 16.5% to 11.9% while the average per capita output of automobiles increased from 7.1 to twelve. Over the next three years. Alfa planners hope to introduce an entirely new generation of models—and to recapture perhaps the corner of the market that their nimble surefooted cars have traditionally enjoyed.

Then again perhaps not The shocks of the 1970s transformed Europe's car industry and the race toward the next century will probably go not to the swiftest but to the biggest. Industry soothsayers now reckon that only companies that produce 2 million cars a year can hope to compete in the new mass market, they alone will be able to afford the huge investments that the new conditions demand. The old equations clearly no longer apply. Uniqueness—individual companies turning out highly distinct cars—is disappearing. Ioday the goal is the world car—a yehicle.

that can be produced anywhere, and uses as many standard parts; as possible

Thus in the world-car sweepstakes small companies like Alfa Ronico and even BI may be left at the gate. As a leading European analyst sees it the favorites are easy to spot There are three kinds of auto mobile companies he savs those capable of building a car from start to finish those dependent on joint ventures and those who are building cars for others IBL's friumph Acclaim for example! If you have to buy power, trains you're out of the race

The rationale for the world car is inescapable lower costs and greater industrial efficiency

Take a simple component like stick shifts—explains Volks-

wagen Spokesman Rudi Maletz. I very stick shift is more or less the same but every manufacturer has his own design and production. Why not have one manufacturer make them all and sell them at much cheaper prices? Why not indeed? Though the industry has not yet reached that point the trend toward standard parts is clear. Ford has its popular Escort Renault its R9, whose European and U.S versions differ only in cosmetics. Volkswagen has its Golf. BL its Metro, Fiat its Ritmo and Tipo Uno.

The drive for efficiency has also prompted companies to update old production lines with advanced highly automated robot systems. It's just not true any longer that you can put a hammer or a chisel in human hands and get the best car says Michael Schimke a spokesman for BMW. For the best cars now you need the best machines Robots guarantee yery high-quality work. And they have begun to proliferate on Western Lurope's assembly lines. About 70% of the welding at Daimler-Benz is performed automati-

Is There are some 600 robots in Volkagen's factories and the company is king them at a rate of twelve a week rule sinew plant at Douai in northern ace boasts 650 robots. Frat for its part tonly uses industrial robots but manutures them in its machine-tools diving for date, the company has automat-welding painting and engine embly. By the end of next year it plans been production in the industry's first light automated assembly plant.

There is however a cruel paradox beand the auto industry's sweeping reinchment success will not generate ther employment. The very rationale mud standardized parts and automated fints is to climinate jobs and raise proictivity to turn out more cars with fewer ople Moreover it is unlikely that a om say five years from now will move accorders off the dole in any significant imbers. Western Lurope's carmakers. , thus at the heart of what Guido Carlitornici governor of Italy's Central 3 ink calls a new industrial revolution. revolution of technology. In Carli's Western Europe including its autoinfacturers needs a major adjust a process a new equilibrium

hat adjustment will almost certainly lead to labor problems. According to the Geneva based International Metalworkers Tederation LMT) the auto industry lost some 00 000 jobs worldwide over the past four us. To combat the crisis, the LMT has iled for a summit meeting of the inistry's top manufacturers, union officials id government representatives. A prinpal aim of the conference would be an atmpt to shift industry patterns away from sporting and toward direct investment in ocal market. At a meeting of their own in skyo last April however union leaders ti little doubt about their attitudes Jouglas Fraser head of the United Auto-Norkers the big US union spoke of a war on working people by multinational orporations And Collin Gonze coordiitor of the LMT's auto-council added iat our job is not to build cars but to build bs for the people we represent

The labor drama will unfold over the xt few years as Western Europe's carakers seek to reculer pour rineux sauter here will almost certainly be casualtics id the industry that emerges from the 0s will be radically different from toby s. But at least one prominent figure is plinistic. Fresh from his victories at iat Gianni Agnelli believes that I urope an draw on a fund of automotive imagiation and creativity as deep as any in the sorld. If you visit our people around Moand where they build the Ferrari or in ther centers of automaking you will find hat they are all mechanical engineers hey can test the tupe of an engine by is noise. They are born and brought up hat way like people knowing oranges 1 California Or management in By John Nielsen. Reported by urin Valter Galling and Wilton Wynn/Rome

A Renaissance Man

over the past two decades the self-made heroes of Italy's postwar economic miracle have gradually vanished from the scene as their enterprises have been nationalized or have folded under intense foreign competition. One who has managed not only to hold on but to thrive is Giovanni Agnelli, 61, chairman of Fiat A Renaissance man whose interests range from collecting art to sking, Agnelli has built his Turin-based firm into a worldwide conglomerate. In an interview with TIMI Rome Bureau Chief Wilton Wynn and Correspondent Walter Galling in his simply turnished office at Fiat headquarters. Agnelli talked about the problems and prospects for Fiat and the Western I uropean economy as a whole Excerpts from the interview.

On the future of the Western European economy. I believe the competitiveness of the whole European system will depend on to what extent our business people will be able to organize a continental economy like the Americans have We must minimize our national rivalries

On possible mergers among Western European automakers. What General Motors did in America between the two wars will have to happen in Europe We have ten important [Fuiopean] trademarks in the automobile business, but the



Agnelli attending a tennis match in Rome

volume of cats produced in Europe is too small for so many vertical manufacturing companies. I believe these trademarks are points of strength for selling and must be retained. In the future we could have, say two Scandinavian trademarks two or three Creiman two Italian and two I rench but probably 50% of the engines would be the same. In effect we would merge the component business, but keep as many separate sales organizations and outlets as possible. We will all keep our flags, but we will have some common roots.

On Japanese competition. After talking with a lot of car people, my impression is that the boom of the Japanese car, while not finished is declining The Japanese did well because their cars sold cheaply and were good cars that needed little maintenance. Now people notice that a Japanese cai ages much more

quickly than, an American or European car People have begun to realize that they rust more. In Europe we have seen a small decline in [Japanese] imports

On Western European unemployment. In 1981 the companies that reduced the number of their workers were the ones that in some way were profitable. However, from the point of view of management, it is a tragedy to think that the great success we can achieve is to have 3,000 or 10,000 or 15,000 fewer workers. In the future we cannot live with 8 million unemployed in the European Community. There are two ways of cutting back unemployment create new possibilities for competitive employment or reduce working hours.

On state ownership of industry. State-owned industry has been such a disaster in Italy that nobody wants to hear about it any more, not even the Communists. I have spoken with ministers in the I rench government, and they gave me a marvelous speech about what they intend to do. When we point to the Italian disaster with state industry, the French say they have better management and can better resist pressures from influential sources. Let us wait and see

On the best economic model for Western Europe. An enlightened social democracy For this you need a high per capita income, a high level of education and a high level of civilized people. These things are available more in the north of Europe. As you move down to the south and the Mediterranean, it becomes more difficult takes more time and causes more pain. But that is the sort of society that I hope will emerge. Any other society would mean a hell of a loss of freedom.



Lunch-hour crowd at Harry's at Hanover Square in Manhattan's financial district: the Senate is attacking a hallowed executive tradition

Tempest over a Martini Glass

The surprise attack on meal deductions raises cries of alarm

Businessmen across the US are sputtering over the Senate's attack on one of the most sacred traditions of American business—the expense-account meal Lumed Alan Lewis director of the Windows on the World restaurant in Manhattan—It's just dead wrong. The business lunch is a way of life.

Iwo weeks ago the Senate challenged the so-called three martini lunch by vot ing to slice in half the tax deduction for executive dining out. The National Restaurant Association predicted that the measure, which is part of the Senate's proposal to raise \$98.4 billion in new revenues over the next three years, would lead to a \$1.7 billion drop in restaurant sales annually and a loss of 63 000 jobs. Said Harry Freeman senior vice president of American Express. This is a threat to the entire travel and entertainment industry. In Philadelphia the International Association of Convention and Visitors Bureaus protested the measure at its annual meet ing Don Tennant president of his own advertising agency in Chicago, went further and criticized President Reagan even though the White House has not taken a position on the issue Said Tennant Rea gan is a traitor to his class

The Senate's bill would cut in half the tax deduction that firms can claim on business related meals in their communities. The measure does not apply to food served in company dining rooms or to meals out of town that are part of a business trip. The Carter Administration in 1978 calculated that such write-offs to taled \$3.2 billion and cost the Government \$950 million in lost taxes annually.

The predawn passage of the measure was an unexpected consequence of a proposal by the Senate Finance Committee headed by Robert Dole of Kansas to improve the reporting of tips at hotels and restaurants. The Treasury Department believes that perhaps \$10 billion in tips is not reported as income every year. After his tip provision was defeated during the

Senate floor debate on the tax bill. Dole rammed through the lunch measure which some liberal Democrats have long favored.

The unexpected vote on business dining was the first effort to curb those deductions since Timiny Carter's abortive crusade in 1978 against what he called the three-martini lunch. Reagaintes were almost as startled by the decision as businessmen. Conceded John Chapoton, the Assistant Treasury Secretary for Tax Policy. It came as a complete surprise to me. None of us had heard about this one.

The three-martini lunch has always been more of a political symbol than a business reality. Probably the most common drinks these days at executive lunches from Manhattan to Malibu are Peruci and white wine John O Joole chairman of New York City's Foote Cone & Belding advertising agency was bemused by the Schate action. Said he alget a dismal sense of deja vu. Didn't this happen just a few years ago? Harry Poulakakos, owner of Harry's at Hanover.

\$77.50 Lunch

In 1962, the Internal Revenue Service ruled that anyone claiming outlays for entertainment of \$25 or more as a business deduction would have to submit documentation to the IRS Previously, the Government just accepted an individual's word concerning the amount of any "reasonable" expense. That rule still applies, even though a \$25 meal after two decades of inflation would now cost \$77.50. The IRS says that it has never raised the reporting criteria because few companies have complained that the old limit is a bookkeeping burden.

Square a Wall Street favorite was blunt Said he. I hev signed the bill in the early hours of the morning and they were probably asleep. This is really going to hurt a lot of people.

Many corporations are already urging employees to trim expense-account spending because of the recession Charles Cillett president of the New York Convention and Visitors Bureau expects a sharp acceleration of that trend if the legislation is adopted by the full Congress. He noted that lunch and entertainment receipts dropped 30% in a single month when curbs on deductions were proposed in the past. If the Senate curbs are passed said Cillett companies will simply cut their spending

Peter Salchow owner of Biggs a popular Chicago restaurant was more hopeful Said he Business dining is so entrenched in the American way of life that corporations won tout back. They ll just pass any extra cost along to the consumer who will pay higher prices. In Los Angeles a spokesman for Security Pacific National Bank said extensive use of the executive dining room might help to cushion the bill's impact.

ost firms however apparently hoped that the Senate measure will simply disappear which is what many businessmen expect will indeed happen Scoffed one oil-company executive. It sa smokescreen and a sham. It isn't going to pass. Restaurateurs who enjoy a lot of expense-account business like Patrick Terrail of the fashionable Ma Maison in Hollywood are trying to ensure the measure's eventual defeat by sending angry letters to Congress.

The tax bill including the business-meal provision will now be considered by a Senate and House conference committee. It is still unclear whether the group will accept the proposal water it down or kill it entirely. Congressmen who have slashed federal spending for the school lunch program however may find it hard to leave the executive lunch program untouched. — By John Greenwald. Reported by David Beckwith/Washington and Sue Raffety/New York.

elving Deeper

nvestigators at the Vatican

ne of the biggest Italian bank scan-I dals of modern times last week got LECT Struggling to unravel the mystery rounding \$1.2 billion to \$1.4 billion is ing from Milan's Banco Ambiosiano proscleventh largest bank, and the apcost suicide in June of its president. Rois Calvi Italian authorities tried to the notice on three of the top officials of . Vatican bank that they were under infigation for possible bank fraud mone them was American born Archhop Paul Marcinkus 60 the president the bank, which is officially known as · Instituto per le Opere di Religione OR) or Institute for Religious Works other the Vatican's top banker had 1 'cd as both a papal bodyguard and aide Pope Paul VI. The other two bank offi-

Economy & Business

to worry about the scrutiny of Italian banking authorities. The investigation is also looking into Calvi's use of the Vatican bank in the scheme especially Marcinkus and Mennini's agreement to issue certain letters of patronage for Calvi Such letters are sometimes used by banks to attest to the financial credentials of a borrower. The Vatican bank wrote letters of patronage at Calvi's request, saying the IOR had controlling interest in about a dozen Panamanian companies and in effect vouching for those companies reliability. But Calvi had also secretly written Marcinkus that the letters would not make I O R liable for any of the Panamanian companies debts. Italian officials have said this double-dealing might constitute a fraud in itself

The Panamanian companies were the ultimate recipients of between \$1.2 billion to \$1.4 billion taised in the Euromarket by Banco Ambrosiano and two of its subsidiaries. The firms presumably under or-



sandal suicide and an Italian inquiry into some questionable, letters of patronage

its are Luigi Mennini 71 the banks ! anaging director, and Pelligrino de Stro-1 70 the chief accountant. I hough the offication did not necessarily mean that e men would be indicted it was a great ubarrassment to the Vatican

The Holy See jealously guards its stas as a sovereign state. When Italian offiils sent letters to the three bankers inming them of the investigation the ily See's Secretarial of State refused to e delivery of the documents. Instead it isted that the letters be passed through mal diplomatic channels via the Italn embassy to the Holy See Italian offials are expected to re-send the notificaons this week perhaps through the Heigh ministry

The specific focus of the probe reiains a matter of speculation. But Vati in observers believe that it involves evience of a plot, in which the deceased alvi may have been implicated to trans-La large amount of Banco Ambrosiano s ick outside of Italy in secret where alvi could have control of it but not have ders from Calvi, subsequently used some of the borrowed funds to buy up perhaps as much as 10% of the stock of Banco Ambiosiano. The missing funds were discovered during a special audit of the bank's books in May

While Italian officials tried to untangle Vatican ties to Banco Ambrosiano about 200 of the bank's Luropean creditors gathered in London last week to salvage what they could of the loans taken out by the bank. Half of the \$1.2 billion to \$1.4 billion has been guaranteed by seven Italian banks and will apparently be repaid. The other half though, is owed to creditors by Ambrosiano's subsidiaries in Nassau and Luxembourg But the Luxembourg affiliate has been declared in default and operations by the Bahamian subsidiary have been suspended by hanking authorities in that country. Italian government officials and foreign creditors are arguing that the Vatican bank has at least a moral responsibility to honor the entire debt since its two top officials signed the letters of patronage

Bad Old Days

A violent strike at Iowa Beef

he nots outside Iowa Beef Processors slaughterhouse in tiny Dakota City (pop 1440) Neb over the past two weeks recalled the labor wars of the 1930s. As union workers hurled railroad spikes and ball bearings at state troopers and strikebreakers stinging clouds of tear gas and chemical spray swirled into protesters eves Larlier enraged members of Local 222 of the United Food and Commercial Workers Union had spread nails across the highway. Then screaming Scab! Scab! they threw rocks and bricks at newly hired workers trying to enter the plant Republican Governor Charles Thone was finally forced to summon 160 National Guardsmen to aid the 100 besieged state police. It was the first time that the Guard had been mobilized since an Omaha streetcar strike in 1934

The confrontation at Iowa Beef, the largest US beef processor comes at a time of generally quict labor management relations in the U.S. The last thing most workers want is a long strike in a deep recession. Many unions are giving back past contract gains or accepting meager wage hikes Nearly 2 million | union members, primarily in the auto and trucking industries have forgone raises in contracts negotiated in the first half of the year The Labor Department released figures last week on major collective-bar gaining agreements showing that from January to June average salary increases including cost of living adjustments slowed to 2.9%. This compares with 4.9% during the same period in 1981.

Iowa Beef though has often been an exception in many areas. In the early 1960s the company revolutionized the heef-packing industry with a new process for handling meat known as boxed beef Cuts of everything from sirloin to stew meat were prepared right at the packing house plant and then shipped frozen ready to cook to retailers. Previously all beef packers had shipped whole careasses out to butchers, who cut the meat down to retail-size portions

Iowa Beef was acquired last year by Occidental Petroleum Corp for about \$800 million in stock. In 1981. Iowa Beef earned \$58 million on sales of \$5.2 billion Company officials have consistently pumped profits back into upgraded facilities Savs Spokesman Charles Harness We have a philosophy that if we can still recognize a plant after ten years, we must have done something wrong

The company seems to have gone wrong mainly in labor relations. Union workers have struck the Dakota City plant four times since it was organized in 1969. A bloody strike that year culminated in the burning of a company executives home and the fatal shooting of a 16-year-old girl A union member

Economy & Business

was later convicted of manslaughter The latest Iowa Beet clash grows out of a disagreement over a new union contract for the Dakota City headquarters plant one of cleven slaughterhouses that the company operates in seven states Union members turned down a four year agreement that required a wage freeze with no cost of living adjustments and the introduction of a a two-tiered pay scale that would pay new slaughterers \$2 less than the current hourly starting wage of \$9.27. The company also demanded a contract clause that would allow it to reduce wares in the Dakota City plant if any other local of the union signed an agreement at a lower rate. Iowa Beef negotiators said that these measures were necessary in order to ensure profitability

Underlying the current unrest is the union's conviction that the company is out to destroy it Some 2,400 of the 4,300 workers at the Dakota City factory are union members. Says Lewie Anderson, a union vice president. They re-antiunion. The company is trying to break us at Dakota City. Since the strike started on



Nebraska state troopers making an arrest 1 bitter labor clash that recalls the 1930s

June 7 company officials have hired more than 1.700 nonunion workers to replace the strikers

Union leaders at the John Morrell & Co-meat-processing plant in neighboring Sious Fails S. Dak, are nervously watching the Iowa Beef strike. Morrell temporailly shut one plant this year and permanently closed another after workers balked at the company's request for a payout Says Jim Jarman a spokesman for the local Sioux Falls union. If Iowa Beef is able to force the strikers into concessions there's no doubt it would bring pressure on everybody else.

The current dispute is costing Dakota City and other towns that rely on the plant's \$58 million payroll about \$1 million a week in lost revenues. Moreover the conflict has begun to turn once sympathetic local public opinion against the workers. Said one citizen. Every time there is violence public opinion always swings behind the company.

After National Guardsmen had cooled down tempers Governor Thone won an agreement from both sides to reopen negotiations this week under the watchful eye of a federal mediator. The talks will be held on neutral turf a state office building in Omaha. Angry words will undoubtedly fly but that will still be an improvement over the tear gas and railroad spikes at lowa Beet.

Dividends

No Pepsi, Please

At Columbia Pictures things better figo with Coke. That was the message in the memo sent to employees in Burbank Calif and New York last week by Studio Chairman Trank Price. He told executives that Columbia's new owner the Coca Cola Co. of Atlanta, which bought the film and entertainment firm last winter for some \$820 million, would not take kindly to finding telltale signs of products like. 7-Up. and. Pepsi-Cola. on. studio. property.

Price reportedly decreed that no competing soft drinks should be served at company functions. Whenever possible he vent on even the blue color associated with. Coke's archrival Pepsi should be avoided as a decorative accent at Columbia sponsored, activities. Peter Benoit. Columbia's national publicity manager says that moviegoers are unlikely to be seeing an actor sipping a Pepsi in Columbia films either.

Celebrity Answers

Owners of telephone answering machines have long had a vexing problem many people hang up as soon as they hear a recorded response. Celebrity Voices, a North Hollywood Calif, firm, thinks that its taped impersonations of famous people might be a humorous way to coax callers into leaving a message. Prices for the per-



sonalized recordings are \$29.95 and up Since the company started business in April it has taken orders worth more (than \$162.000)

Says the bestselling Nixon imitation. Crood evening my fellow Americans My good friend I tank is unable to come to the phone just now but let me make one thing perfectly clear he's busy taping a something for me, and if you leave your thame and number the II get right back to a you. A pause and the voice concludes. I be promise I won't erase the tape.

Celebrity Voices seeks to avoid lawsuits from subjects of the imitations by never actually using their names on the tapes. The voices though are easily recognizable. The world-weary Bogart for example brings back memories of Casablanca. While the song As Time Goes Biplays softly in the background, the soundalike says. I cave your name and number. If you don't you'll regret it. Maybe not today maybe not tomorrow but soon and for the rest of your life.

Hard-Times Baubles

Bracelets made of cardboard hardly sound like stepping-out gear but in California they are fast becoming fashionable Recession Ware bracelets offered in novelty shops for \$2.50 each are the latest gimmick from master Marketer Stephen Askin 43 of Los Angeles During the Iranian hostage crisi. Askin sold Ayatullah Dartboards. More recently he has developed aerosol cans of water labeled Nuclear Fallout Repellant. Even zanier is his Deeley. Bobber a glitter-coated headset that looks like insect antennae. In the past ten weeks an estimated 2 million bobbers have been sold at \$2.99 each.

In Recession Ware Askin appears to have vet another hit Asserts he People are in the doldrums with the recession and want to say I m still happy despite everything. The baubles have been on sale around Los Angeles for only three weeks and business has been strong especially with the Beverly Hills crowd Says Askin. They re feeling a little left out in Beverly Hills and they want to get in on the recession too.

Pummeled Post

Mobil chief wins libel award

he press - wittingly or not is coming ever closer to achieving the unrestricted right to defame any member or society with virtually complete immunity So wrote Mobil Corp President William P Tavoulateas in April 1979 in an angry article for Saturday Review magarms Seven months later the Washington Post published a story implying that Javoulareas had improperly set up his son in a shipping company and then helped his son's firm to get millions of dol-Lis in Mobil business. To the Mobil boss the article was an enragingly personal example of exactly what he had been complaining about Hc and his son Peter sued the Post and virtually everyone connected with the story from the editors and reporters to the sources they had relied on Last week after a three-week trial a Six person federal jury in Washington, D.C. ruled that Peter had not been libeled, but his father had. The award \$250,000 in compensatory damages to be paid by the Post and two reporters and \$1.8 million in punitive damages to be paid by the Post

They said I was a criminal - Tayou lareas testified as he denied any wrong doing. His lawyers pounded away at the contention that the newspaper had ignoted the truth each time it stood in the Year of a central theme of the story. The Post's lawyers responded that editors and reporters had given especially careful at tention to questions raised internally during the story's preparation and each time had concluded that there was adequate support for the details that were finally published. It was a textbook case of how

a responsible newspaper should act - said Executive Editor Benjamin Bradlec on the stand

Indeed the Tayoulareases attorneys did not contest the Post y claim that it had handled the story with special care. Many lawyers thought that such care was a sufficient defense at least in the case brought by the Mobil president. Federal Judge Of iver Gasch ruled that the elder Tayoularcas was a public figure. Thus under the prevailing Supreme Court standard he had to prove that the Post had printed its story with knowledge that it was false or with reckless disregard of whether it was false or not. But the jury apparently concluded that however non reckless the internal review procedures may have been the Post's aggressive go-get em style of newspaper journalism was itself reckless. That conclusion may not survive Judge Gasch's expected review of the verdict or an appeal that the Post promised to file if necessary

Meanwhile the verdict buts new pressure on journalists to play it safe. In the past two years, multimillion-dollar libel verdicts have been returned against the National Engineer Penthouse and the tiny (circ 37 557) Alton (III.) Ielemanh, which had to file for bankruptes protection while it negotiated a settlement of the \$9.2 million award against it. For such small press enterprises in particular even the legal fees involved can be destructive. The Tayoularcases so far have spent \$2 milhon on lawvers to fight the case, and the Post's defense has cost \$1 million. Bills on such a scale plus the possibility of losing may inspire not merely professional care but unprofessional caution Said New York Attorney Floyd Abrams a First Amendment specialist after last weeks verdict We could move to a new level of low-risk journalism

William and Peter Tavoulareas celebrate outside court after the \$2.05 million verdict But journalists worry about new pressures to exercise unprofessional caution

Self-Help Model

Suing well is the best revenge

f you really want to get even get a law-yer. Despite that standard advice against representing oneself in court. Mia-Lancaster could find no lawyer whom she thought willing and able to press her charges against her former boyfriend. So she argued her own case. A Manhattan jury was impressed it awarded her more than \$1 million which so far as courthouse buffs could recall seemed to be the largest damages ever won by someone

representing himself Presiding Judge Joseph Modugno was impressed too Said the judge. A remark able achievement

Lancaster 28 was suing Evione Kindor 38 who she says promised to marry her Instead Lancaster testified he absconded with the young model's \$11,000 life savings and other personal property including her modeling porttoho In 1975 she discovered that Kindor Lancaster in 1975 had invested some of



her money in the modeling career of Mar gaux Hemingway Lancaster began try ing to get her money back. Kindor responded by filing what she claimed were talse charges of assault against her. She was arrested in the middle of a modeling assignment and though she was acquitted her career fell into tatters. Moreover because of Kindor's carlier treatment of her she told the court she became emaciated contracted ache lost hair and devel oped emotional problems that bordered on insanity

Lancaster tried a variety of lawyers but was dissatisfied. In fact, she unsuccess fully brought complaints against three of them with the American Bar Association tor alleged malpractice. After vorking briefly as a legal secretary, which she says taught her nothing about the law. I aneaster read an evidence textbook and compiled countless bulging gray folders of correspondence depositions and affidavits In court she argued that Kindor was guilty of malicious prosecution for having her arrested. The jury awarded her \$1 milfrom for that charge and \$21,000 for the loss of her property and savings. Her obsession has yet to pay off in each of course since an appeal is probable. Nevertheless, Lancaster is so pleased with her performance that she has applied to New York's higher! court for permission to take the bar examwithout going to law school.

Milestones

BORN To Rhea Seddon, 34 one of eight women astronauts and an M D trained to conduct experiments in orbit and Navy Licut Commander Robert L. Gibson, 35 also an astronaut and a jet pilot a son her first child his second in Houston Within twelve hours of his birth the first US astrotot logged a helicopter flight after he developed breathing problems and had to be transferred to a second hospital At week's end his pneumonia-like condition seemed to be under control

DIED. Tatyana Grosman, 78 enterprising print publisher whose enthusiasm and meticulous dedication to excellence raised lithography to a new level and attracted America's leading artists including some (Larry Rivers Jasper Johns Robert Rauschenberg Robert Motherwell) who had never worked in that medium in New York City Her company Universal Limited Art Editions was based at her West Islip N Y garage which she had turned into a lively atelier. She sometimes spent months foraging for exactly the right paper for artists. Often the size of her editions perhaps no more than 25 was determined by the number of perfect sheets available

DIED. Kenzo Okada, 79 Japanese-American painter and critically admired modernist who combined a gently mystical Oriental mood with a Western abstract style of a heart attack in Tokyo One of the first Japanese artists to work in the US after World War II Okada often painted five canvases at once using pieces of wood rollers fingers. And he said—of course Talso have brushes.

DIED. Lucille Parker Markey, 85 queen of the sport of kings and owner of fabled Calumet Farm of pneumonia in Miami A native Kentuckian the Grand Lady of the Turf brought a sense of exacting style to the 850-acre perfectly manieured (23) miles of white painted fences) I exington tarm which she supervised after the death of her first husband Warren Wright in 1950 For more than two decades Calumet dominated American racing gathering the Kentucky Derby toses an unprecedented eight times, the Preak ness black-eyed Susans seven times and two Triple Crown trophies with Whillaway (1941) and Citation (1948). I love horses. Markey once said, and I want the best horse to win. As long as he doesn't beat Calumet

DIED. Harold (Hal) Foster, 89 creator in 1937 of the richly colored exquisitely drawn *Prince Valiant* comic strip (now syndicated in 350 newspapers) which was celebrated for its scholarly research on the medieval period and the King Arthur legend of a heart attack in Spring Hill Fla "God in his wisdom endowed me with certain imperfections said Foster but I have made Prince Valiant as I wish God had made me

Theater

Slain Dragon

IHE DEATH OF VON RICHTHOFEN AS WILNESSED FROM FARTH by Des McAnuff

Presumably McAnuff who wrote composed and directed this play with flying and songs knows what it is all about but he isn't telling The Death of Von Richthofen as Witnessed from Earth is incredibly self-indulgent pretentious inane murky and interminable

Stage right features a sandbagged gun emplacement manned by two semi-jocular Australian gunners (Robert Joy and



Vickery in The Death of Von Richthofen
Leats of valor in a script that goes 4W OI

Mark Linn-Baker) whom McAnuff apparently fantasizes as clones of *Waiting for Godot's* Estragon and Vladimir Stage left features the ornate living quarters of the Red Dragon Manfred Von Richthofen (John Mickely) who is sometimes joined by his adjutant (Jeffrey Jones) and a swishy fellow pilot in the Flying Circus named Hermann Goering (Bob Gunton)

The rainshackle plot concerns Von Richthofen's destiny after he makes his 80th kill. Some of his fellow officers and the unseen. General. Frich I udendorff urge him to retire from the Flying Circus so that he may present himself as the untarnished hero-leader of postwar Germany's resurrection. There is no historical evidence for this. In the play. Von Richthofen shows no stomach for the task but seems to have a premonition about who does. An ominous-looking lance corporal (Mark. Petrakis), skulks about the Red.

Diagon's quarters and when he launches into a demagogic diatribe about how hard and ruthless Germans need to be we realize that this is Hitler

Intended as ironic comment and counterpoint the 21 songs in the show offer only the anesthetic sounds of Muzak When a low-flying Von Richthofen is machine-gunned down by the Australians it is not the historical inaccuracy that counts (he was probably felled by a Canadian RAI pilot) but the fact that his death touches no nerve. That is not John Vickery's fault for he and the rest of the cast perform feats of acting valor with a script that goes AWOI from the curtain's rise.

Joseph Papp's Public Theater where Von Richtholen is housed has been in a serious dramatic slump for the past two seasons. Surely the one way not to soar again is to jettison sense taste and judgment.

By T.E. Kalem

Oedipus Hex

VICTIMS OF DUTY by Largene Ionesco

I onesco believes that the irrational is man's intuitive form of vision. Every thing that claims to be rational and realistic is a distortion of that vision a shield raised against the absurdity of existence.

The anti-hero of Victims of Duty a character named Choubert (John Maro lakos) mocks the theatrical classics as refined detective drama. All the plays that have ever been written from ancient Greece to the present day have never really been anything but thrillers. Drama's always been realistic and there's always been a detective about I very play an investigation brought to a successful conclusion. The twist in Ioneseo's thriller' is the conclusion that every man is his own criminal.

The play begins in the humdrum way with which Ionesco likes to put his audience at false case. The middle-aged Choubert is reading a newspaper and his wife Madeleine is darning socks. A knock on the door brings in a detective. Shyly he asks if Choubert knows a man named Mallot whose name ends either with a tor a d. Soon the questioning and the tone turn inquisitional.

Books

Latins and Literary Lovers

AUNT JULIA AND THE SCRIPTWRITER by Mario Vargas Llosa Translated by Helen R. Lane. Farrar Straus & Giroux, 374 pages, \$16,50

atin American fiction periodically arrives like an out-of-touch cousin on a
vacation trip. In the voice of translation, it
speaks of strong family resemblances realism, surrealism, stream of consciousness political protest and sature. The visitor is wined dined praised for its variety
and daring. Then, with a hearty abrazo.
Latin. American, fiction, departs, and
North Americans go back to what they
like to read best, costumed romance, and
novelized journalism.

1 Aunt Julia and the Scriptwriter by contrast, works both sides of the equator The novel is a bedazzlement of popular entertainment and what latter more than 50 resistant years is still called experimental writing Its author Mario Vargas Hosa 45 is a versatile Peruvian with a growing international reputation. His previous novels include The Time of the Hero. The Green House and Conversation n the Cathedral The War of the End of the Horld an untranslated novel of a 19th century peasant uprising in Brazil is currently a bestseller in Spain and South America. His plays criticism and topical articles appear regularly, and he recently wrote about the World Cup soccer matches for Barcelona's La Vanguardia. Once a supporter of Castro's Cuba. Vargas I losa 🌓 w campaigns against totalitarian re- 🛚 limes of the left and the right. He is a backer of Poland's Solidarity movement and a former president of the PE N club the international writers organization that monitors the restriction of free expression. This is the stuff that puts writers. on the Nobel Prize track

In I man where Vargas I losa lives with his wife and three children he is not only a cultural celebrity but a man who is expected to have the answers to public questions. This is both the blessing and he builden of many writers in Latin

America and I urope where literature and politics retain close des. I or an author in a peor Andean country with a large uneducated Indian population the issues and responsibilities are sharpened. If you are a writer says Vargas Llosa, you are a privileged man in this kind of society.

Many of his conservative eventrymen have felt that he has abused the privilege. Those carlier Vargas I losa novels some written while he lived in Lurope were glaring reflections of Peruvian oppression and corruption and the Latin cult of virility. The most stylish was Conversation in the Cathedral (1975) in which



Mario Vargas Llosa

Excerpt

As Aunt Julia and I watch in openmouthed amazement, by changing props and costumes Pedro Camacho transformed himself [into] an old lady a beggar a bigot, a cardinal During this series of lightning-quick changes he kept talking, in a fervent tone of voice

'And why shouldn't I have the right to become one with characters of my own creation to resemble them' Who is there to stop me from having their noses their hair, their frock coats as I describe them' he said exchanging a biretta for a meerschaum, the meerschaum for a duster, and the duster for a crutch 'What does it matter to anyone if I lubricate my imagination with a few bits of cloth'

the country was symbolically depicted as a brothel during the administration of President Manuel Odiia

Aunt Julia is set in that same period of the 1950s though Odria and his political procurers are not in sight. Instead, Vargas Llosa's I ima is a bright tangle of characters. Indians from the mountains and the edge of the Amazon busy filling up new slums, a middle class trying to keep its balance in an unstable economy, and the tich preserving the good life and marrying off their daughters in style. There are shocks and bizatic surprises, but the prevailing atmosphere of the novel is a melancholy garety.

This is the city of the author's youth and early manhood a fact conspicuously observed by a charming narrator named Mario Vargas Llosa is an artful dissemble. He appears to have taken the defensible position that since most autobiographics are figments of self-serving imaginations one might as well accept memory as a fiction machine and get on with it. Mercifully he lightens this intellectual load by turning his life into a soap opera and putting its popular conventions to higher literary uses. Banalities become oddly reso, ant and trivialities bristle with jeopardy. Episodes of scandal, lunaey and mayhem are drawn together by the two main story lines. A romance between Mario 18 and Julia 32 is a mock cliff. hanger the rise and fall of Pedro Cama cho a compulsive writer of soap-opera scripts is a comic tale with tragic relief

Both Julia and the scriptwriter are from Bolivia an instant Peruvian joke Like Charley's Aunt (1 in from Brazil where the nuts come from) rambunctious Julia is not as advertised. She is the former sister-in-law of Mario's uncle and so no blood relative. But by constant ly referring to her as Aunt Julia. Mario's keeps the tingle of a semi-scandalous relationship in his narrative. Paralleling this real-life fromance are Camacho's soap operas. Dwittish but with a melodious voice that has listeners imagining a movie.

idol. Camacho spends all his waking hours writing directing and acting in his creations. He considers them works of genius but eventually he can no longer distinguish between fact and tiction. Real names creep into his serials, and characters from one story appear in the plots of others. The madness of art stands in pathetic contrast to the highly disciplined complexity of the novel. To Mario, who edits news 1 bulletins at the radio station and writes arty stories on the side Pedro Camacho is a cultural irony. How could be be at one and the same time, a parody of the writer and the only person or Peru who by virtue of the time



WWE Kore Limika BCT

The Giant Panda needs your help to survive.

ONCE every eighty to a hundred years the bamboo forests in China's Sichuan Province burst into flower and then die off. And that's bad news for the Giant Panda, which depends for its survival on huge amounts of bamboo.

But that's just one of the problems tacing the Panda

To ensure that it has a future it is vital to preserve the complex ecosystem in which it lives, to carry out research into its dietary needs and investigate possible alternatives, to discover the reasons for its low reproduction rate, to study the problem of internal parasites - all these factors and many more which threaten its survival

Recognition of the urgent need to solve these and other problems has resulted in a unique and historic partnership between WWF and the People's Republic of China

WWF has agreed to contribute US \$1,000,000 towards a total of about US \$3,000,000 needed by the Chinese Government to mount a major Panda Conservation Programme This includes construction of a research and conservation centre in the largest of

the Panda reserves – Wolong Natural Reserve in Sichuan Province

A team from WWF, led by the distinguishedecologistDr G Schaller, is already at work in Wolong together with top Chinese scientists under the leader ship of Professor Hu Jinchu

The Giant Panda is an endangered animal. It is also the symbol of WWF's worldwide conservation efforts to save life on earth.

But WWF needs money - your money

Please send contributions to the WWF National Organisation in your country or direct to



Books

he devoted to his craft and the works he produced was worthy of that name? Were all those politicians attorneys professors who went by the name of poets novelists dramatists really writers simply because during parentheses in lives in which four-fifths of their time was spent at activities having nothing to do with literature they had produced one slim volume of verse of one niggardly collection of stories?

The resentful tone echoes Vargas I losa novels in which Peru was often depicted as a parody society. Those books had powerful intentions but they also had moments that recalled Peter De Vries line about the writer who puts readers into a diving bell and takes them down three feet. Aunt Julia is an ingenious and dylightful turnabout a glass-bottom social coincids that offers some deep dark perspectives to those who care to look down.—By R.Z. Sheppard.

Blood Relatives

IHI CORRISPONDENCE OF BORIS
PASTERNAK AND OFGA
FREIDENBERG 1910-1952
I dited by I lliott Mossman
Harcourt Brace Jovanovich
365 pages \$19.95

o novel in this century has drawn such worldwide acclaim—said the London Daily Express of Doctor Zhivago That was the trouble. By the time an Enghish version reached the U.S. in 1958, two years after Boris Pasternak had sent his manuscript out of the Soviet Union the novel's potential readers were already weary and wary of the Pasternak affair It had been in the headlines for more than i year. In literary circles, skepticism and invy were aroused by the celebrity of the juthor and by his Nobel Prize More disturbing to some intellectuals was the poitical aspect of the book. Caught in a crossfire of extravagant praise in the Western press (a new version of War and Peace) and attacks by Soviet offiials (the dungwater of lyrical manure) Doctor Zhivago became suspect as iterature

Thus when Edmund Wilson declared n 1959 that the novel would come to tand as one of the great events in man's iterary and moral history—scarcely anybody seemed to believe him. Since then it has been principally Russian exiles and pecialists who have persisted in treating Doctor Zhivago as a masterwork of 20th Aniury fiction. For all the attention the book has received from American critics, Doctor Zhivago might be a novelization of the movie of the same name.

Lately however there have been signs that *Doctor Zhivago* is assuming the place that Wilson had assigned to it Interest has been quickened by the 1978 publication of *A Captive of Time* the memoirs of Olga Ivinskaya Pasternak's

Lara I ast year there appeared a splendid biography of Pasternak by Guy de Mallac the first in any language. Now comes an intriguing volume of letters by Pasternak and Olga Freidenberg, lovingly edited and annotated by Hillott Mossman.

The letters span 44 terrible years from Revolution and Red Terror through the great purges and war. The correspondents were cousins akin in blood spirit and culture. Olga the distinguished classical scholar, and Boris one of Russia's greatest modern poets. Of Pasternak's letters the most revealing bear upon *Doctor Zhivago*.

Shortly after Pasternak began writing his novel in the mid-1940s he wrote to Freidenbeig. It is my first real work. In it I want to convey the historical image of Russia over the past 45 years, and at the same time I want to express in every aspect of the story- a sad dismal story worked out in fine detail ideally, as in a

of exaltation much like Yuri Zhivago's over I ara he wrote. 'I am madly unutterably happy in my free open all-embracing acceptance of life, an acceptance I ought to have known at the age of 18 or 20 but then I was constrained then I had not vet grown up to basic things and did not know how wonderful is the language of life the language of earth the language of heaven. The following year Ivinskaya was arrested and sentenced to five years in a forced-labor camp.

That Ivinskaya served two terms in the Gulag for her association with Pasternak is well known. This book discloses for the first time that Pasternak's cousin Sasha Freidenberg. Olga's brother was arrested in 1937 and died in the camps one of the millions of innocent victims of Stalin's Great Purge. Sasha's wife Musya who was arrested before he was survived.

From Olga Freidenberg's diary which Editor Mossman has used to illu-



Boris Pasternak



Olga Freidenberg

She gave her inspired cousin a 44-year sampling of critical intelligence

Dickens or Dostoyevsky novel my own views on art the Gospels the life of man in history and much more

wo years later Pasternak had completed the first part of his novel, which he then en asioned as a two-volume work The book he wrote his cousin in 1948 is not even intended for current publication. Furthermore, Lam not even writing it as a work of art, although it is literature in a deeper sense than anything I have ever done before. But I just don't know whether there is any art left in this world or what art means. Following this veiled reference to Stalin's purges of the artistic intelligentsia then raging in Moscow Pasternak continued. There are people who love me very much (only a few) It is for them I am writing this novel as if it were a long letter to them in two volumes

Engrossed in love and work Pasternak appeared oblivious to the menace of the purges. At the age of 58, he had fallen in love with Olga Ivinskaya, and in a state

minate the letters, we also learn that Pasternak's brother Alexander was a member of the Cheka, the first Soviet secret police during the Great Purge. An architect. Alexander helped design and supervise the construction of the Moscow-Volga Canal, which was built by slave labor in 1936. According to the diary, when Alexander was slated to receive a medal from Soviet Chairman Mikhail Kalinin for his work on the canal. Cousin Sasha on the eve of his arrest pleaded with the Chekist to try to save his wife. Sasha wasted no time in asking him to slip Kalinin a petition to have Musva freed when he recrived the medal from Kalinin's hands I reidenberg wrote. The idea was preposterous and utterly hopeless. Alexander rejected it of course for which both Sasha and Mama turned against him, and from that day on Mama disavowed all connection with her nephew and refused to see any member of his family

Judging from I reidenberg's remarkable disclosure about Alexander it now

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Books

seems likely that Pasternak had his own brother in mind when he composed the most mysterious figure in his novel Evgraf the secret policeman who is Yuri Zhivago's half-brother

Freidenberg's part in the correspondence is as mesmerizing as Pasternak's The plight of philologists and linguists under Stalin who considered himself an expert in linguistics, has never been more acidly described. It is good to know that Freidenberg's long-suppressed scholarly writings are gradually being rescued from oblivion by linguists in the USSR But until the rescue is complete, Freidenberg who died in 1955 will be remembered as the tough-minded and rigorous scholar who gave her inspired cousin a 44-year sampling of her critical intelligence. Her rigor melted only once when she read Doctor Zhivago for the first time She wrote Pasternak This book must be possessed rather than read as a man does not read a woman but possesses i - By Patricia Blake

Editors' Choice

FICTION: The Anatohan Lliu Kazan Family Trade James Carroll Famous Last Words Timoths Timbles • The Oil of the Sea of Cortes Peter Benchles The Woods David Plante • Worldly Goods Michael Korda

NONFICTION. Going to the Dance trlene Croce • The Killing of Bonnic Garland Willard Gavlin Love Eleanot Joseph P. Lash Midnights Alec Wilk inson • The Red Smith Reader edited by Dave Inderson • Sketches from Life Lewis Mumford

Best Sellers

FICTION

- 1 The Case of Lucy Bending Sanders (10 last week)
- 2 Cinnamon Skin MacDonald (1)
- 3 The Parsifal Mosaic Ludlum (2)
- 4 The Prodigal Daughter Archer (3)
- 5 The One Tree Donaldson (4)
- 6 The Man from St Petersburg
 Follett (5)
- 7 Eden Burning Plain (7)
- 8 North and South Jakes (8)
- 9 For Special Services Gardner (9)
- 10 Touch the Devil Higgins

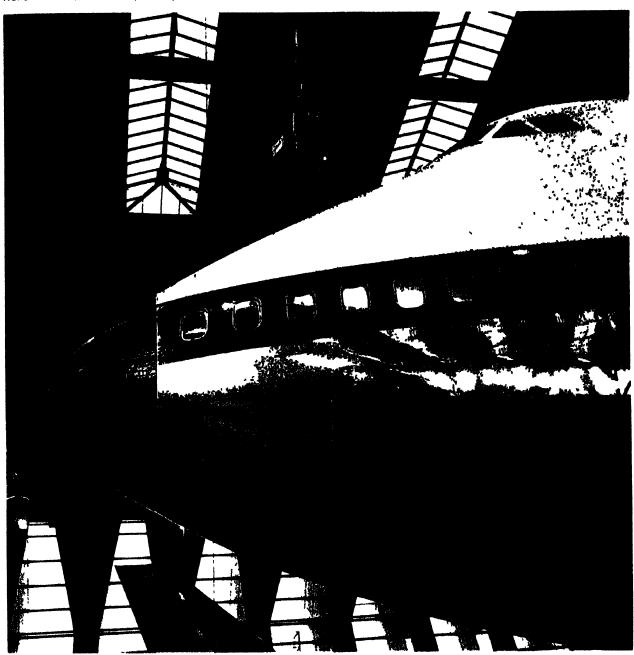
NONFICTION

- 1 Jane Fonda's Workout Book Fonda (1)
- 2 Living Loving and Learning Buscaglia (4)
- 3 Princess Lucey (2)
- 4 Richard Simmons Never-Say-Diet Cookbook Simmons (3)
- 5 When Bad Things Happen to Good People Kushner (5)
- 6 Life Extension Pearson and Shaw
- 7 No Bad Dogs Woodhouse (6)
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World Air News (South Africa) January 1982



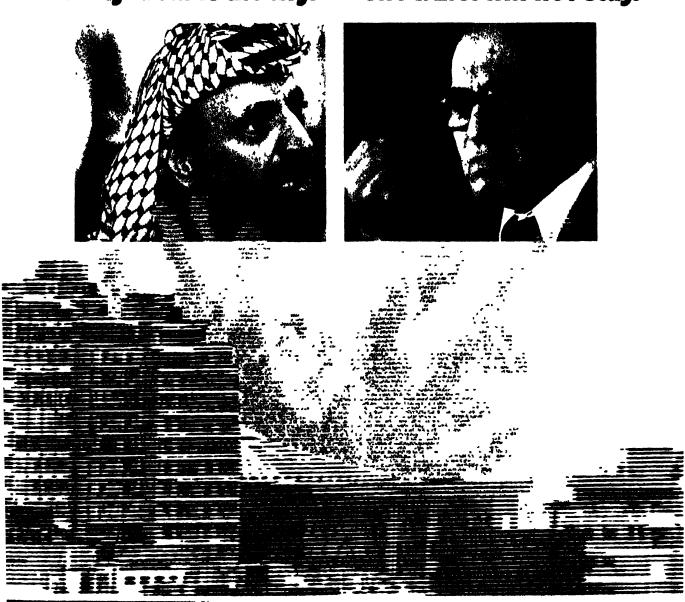


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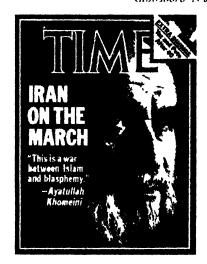
To the Editors

I support the Iraqis in the Iran-Iraq war [July 26] because Iraq is keeping Iran at bay Iran is a country that is being ruled by a man whose goal is to have his own "Islamic Empire" Iraq is helping to prevent this horrible vision from engulfing the entire Middle East

Matthew McCarthy Suffern N Y

It's odd to know that the US is siding with Iraq while an ally of ours. Israel, has been helping Iran. Iraq has been a friend of the Soviet Union, and Iran has vowed that it will destroy. Israel The Soviet Union is now aiding Khomeini against Iraq I am dizzy.

Dori Costa Gibbsboro NJ



The War in Lebanon

I am Jewish and a supporter of Israel and although I have long despised the PLO's tactics, I find the present situation in Lebanon [July 26] totally incomprehensible. It strikes me as bizarie to kill and wound countless numbers of women and children in order to get the 6 000 teriorists safely loaded on buses bound for Syria or parts unknown. I suspect that if Menachem Begin were a surgeon he'd kill the patient and save the cancer.

Burt Prelutsky Santa Barbara Calif

In the past few weeks I have read as much misguided uninformed belly-aching from PLO supporters as I can stand If the PLO were as concerned about Lebanese casualties as it would have us believe, why then does Yasser Arafat insist on hiding his troops in the midst of innocent Lebanese civilians. In doing so Arafat knowingly puts these people in jeopardy and shows that he is willing to sacrifice them for his terrorist activities

Patrick Downs Altamonte Springs, Fla Time s interview with Jordan's king Hussein was most notable for the questions not asked. Why did King Hussein drive the PLO out of Jordan with perhaps 3,500 or more killed, when he appears to be so sympathetic to them now? Why didn't the King do something about establishing a Palestinian state when he controlled the West Bank?

Milton Maidenberg Marion Ind

World's Economic Woes

In the story on the global slump [July 19] your economists did not stress the fact that huge expenditures on arms around the world, except in Japan are absorbing the productive capacity of nations. President Reagan is right about cutting domestic spending the upward spiral had to be stopped. But replacing it with an arms race is madness.

Horence M Fimmons Lake Havasu City Ariz

You state that environmental protection groups have helped create a regulatory atmosphere that has been hostile to industrial growth. Is it not a fact that economists avoidance of any long-term consideration of the planet's renewable and nonrenewable resources has resulted in cyclical economic recessions, and the current debacle? Perhaps a dose of environmental planning combined with an economic development strategy would create a more stable climate for sustainable growth.

Murray Silberman San Jose Costa Rica

Prayer in Public Schools

We can be sure that politicians who have become involved in disputes over public-school prayer [July 26] did so out of concern not for those little souls but for their own jobs. As a Baptist public-school educator. I am against prayer in public school. I don't want someone else's faith taught to my children in the captive environment of a classroom nor do I intend to teach my faith to those who have no choice but to listen to me.

Wavne Wehh Houston

I was stunned when I was taught that in the Soviet Union people were not allowed to pray. But I never dreamed the US would force students to pray. Considering social pressure on school-age children there is no such thing as 'voluntarily' reciting prayers in public school.

Pamela Hanket Lawrenceville Ga

Freedom for the Haltians

The treatment of the Haitian refugees [July 26] by our country is inexcusable. These people are not fleeing their homes.

and leaving their families behind to attend a picnic. They are looking for an opportunity to live, work and be free—not to be treated like prisoners. Their government didn't give them that opportunity Why can't we?

Maureen Donnelly McQuiggan
Quincy Mass

I sympathize with the Haitians, but I feel a greater sorrow for us, trying to keep a job and pay taxes to support them, either in detention centers or on welfare. It makes me sick when these people use our laws for their gains, when they come here unwanted unasked and illegally. I refuse to feel responsible for them.

Ilene Matthews Lvanston Wyo

Valued Authors

I am appalled by your Essay 'Writers We Would Miss' [July 26] Indeed I miss John Cheever, as I will miss Lillian Hellman Horman Wouk Truman Capote and John Irving when they die Please do not be so brash as to dismiss our modern writers. They have a richness that touches the heart and warms the soul

Januce Thiel Scranton Pa

Football Aftermath

Italy won its third World Cup and for the Italians it was V-day [July 12]. But it was not the kind of match a football fan like myself expected to see played by the so-called best teams in the world I ootball games are supposed to be men against the ball but what happened in Madrid was men against men most of the time. If this continues to be the case the World Cup competition is going to go backward. What then can we expect in Colombia come. 1986?

Brazil and I rance were the only ones that played football in a real sense. I held games were as spectacular as the sport itself. It would have been fitting to see either team take home the cup.

Luis M. Rodriguez Manila

The truth is Colombia should not host the World Cup in 1986. I his is evident after learning about the costs of Mundial 82 in Spain. It is an expense that we cannot afford for we are not rich nor are we capable of producing a football team of any great significance. Colombia is in urgent need of fostering different national goals.

Pedro Pahlo Parrado Bovota

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Bitty Mattern Dowch burt Bris van Voor bir El Fhillips Boston Paul A Witterman Ba Denver Richard Woodbury Europe Liver nee Mikin White Paris Tordan Bonta Coutte Eastern Europe Jerusalem Fro- Richard Strong Berto- Richard Strong Ric	New York Atlanta Det San Francisco y Mouston Similahi London Binne Angelo Mary Cronin Tame, Shepherd J nto William Blaylock Sandra Born Born Bir hard from Mildele East Muscow Bangkok Peking Peking New Delba R Renyold Schang Melibourne Young Menico City Susan Lynd David Richards of Bir Administration Administration Emily Fredrich Linda D varior Afturn Careneure Leonard S. L. Spencer (A. Lover 1. Layout 1. Spencer (A. Cover 1. Layout 1. Spence Relen Joseph Arnun E Noel McCoy Nino Telar Debo eh Helen Eisenhert Photographers The Tame Debo Helen Eisenhert Photographers The Tame Debo Helen Eisenhert Stroft Chief; Eugene F Coyle (International) Leonard Schuster (Linda) Farior Stroft Tame Debo Helen Eisenhert Stroft Tame Debo Helen Eisenhert And David Relen Eisenhert Stroft Tame Debo Helen Eisenhert And David Relen Eisenhert Stroft Tame Debo Helen Eisenhert Stroft Tame Tame Debo Helen Eisenhert Stroft Tame Tame Tame Tame Tame Tame Tame Tame	Arthur Cail Arthur Cail Cail Cail Cail Cail Cail Cail Cail
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Bitty Mattern Dowc hour Brais van Voor bir El Fhillips Boston Paul A Witterman Ba Denver Richard Woodbury Europe Liver nee Makin White Paris Tordan Bontas Coulte Eastern Europe Jerusalem Route Johns Bontas Route Tokyo Ldwin Mis Route Boste Route Johns Geric Harter Down William Frank Charlotte J Quiggle i John P Dowd John F Geri Toll Dunham Modris Rama Charts Paul J Pugliese R Wells PHOTOGRAPHY Miche Researcher MAKEUP Charles P Ist John M (avanagh (Peputies OPERATIONS Den Juse Juse Juse Juse Juse Juse Juse Juse	New York Atlanta Det Anne Francisco y Mouston Sim Alti London Binne Angelo Mary Cronin Jame, Shepherd J nto William Blaylock Sandra Born Born Milddle East Moscow Banghob Peking New Delba R Rengold Canada Rengold Canada Administration Emily Fredrich Linda D Variot Atturn Caleneure London Arturn Caleneure Leonard Scho Cover 1 Layout 1 Coppute Acture 1 Layout 1 Coppute Neenee Klein Joseph Arnon E Noel McCoy Nino Telar Debo Helen Evenherd Photographers Photographers Tagen Photographers Step Anne Chief I sabel F Kouri (Deputy) Sylvana Walford (Director) George Karas Benjamin G Young Yers ald L Spurdle obert D Sweeney harles P Alegandre thur G Sachs	Arthur Cail Arthur Cail Cail Cail Cail Cail Cail Cail Cail
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Birty Marreen Dowch he in Praise van Voor ble El Fhillips Boston Paul A Witteman Ba Denver Richard Woodburk Europe I servine Makin White Parise lorden Bontas Coutte Eastern Europe Jerusalern To Richard State Lowen K Richard State Robert Stat	New York Atlanta Det San Francisco y Mouston S im Alti London B imme Angelo Mary Cronin Time, Shepherd J inte William Blaylock Sandra Born Born Bir hard Hornik Rome Will Bangkok Menter Will Bangkok Peking New Debh in Renyold S Chang Melbourne Carebo Administration Emily Fredrich Linda D varior Afturn Carebo Administration Emily Fredrich Linda D varior Administration Emily Fredrich Linda D varior Afturn Carebo Administration Emily Fredrich Linda D varior Administration Emily Fredrich Linda D var	Arthur Cail Arthur Cail Cail Cail Cail Cail Cail Cail Cail
Birty Marreen Dowch he in Praise van Voor ble El Fhillips Boston Paul A Witteman Ba Denver Richard Woodburk Europe I servine Makin White Parise lorden Bontas Coutte Eastern Europe Jerusalern To Richard State Lowen K Richard State Robert Stat	New York Atlanta Det Atlanta Musco Middle East Hong Hong Rempold Canada eiro Mexico City Canada Administration Emily Fredrich Linda Divarior Atlanta Caribbe Helen Essenberg Anne Atlanta Uhana Walker John Zimmerman Ascir (Chief) Eugene F Coyle (International) Leonard Schu Step Anne Atlanta Washburn Amelia Wi (Chief- Isabel F Kourri (Deputy) S (Inristiana Wallord (Deputy) S (Inristiana Wallord (Deputy) S (Inristiana Wallord (Deputy) B Alam Washburn Amelia Wi (Chief- Isabel F Kourri (Deputy) Atlanta Washburn Amelia Wi Atlanta Washburn Amelia Wi	Arthur Cail Arthur Cail Cail Cail Cail Cail Cail Cail Cail

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A Letter from the Publisher

wards circulation increases and scooping a competitor on a A major story are among the professional satisfactions of a

news organization. But journalists also take a special kind of pleasure in hearing about the impact of their stories on readers

Perhaps the biggest response to a recent TIMI article came after a story two weeks ago on herpes Many readers were eager to send the article to others. A U.S. Marine Corps officer at Cherry Point NC thought that his troops needed to know the facts about the incurable venereal disease. So he asked for (and received) permission to photocopy the story

Lileen Ford, who heads the big gest New York City modeling agentoo. She sent copies of the hetpes sto-

ry to all her models. After mentioning, LIMEs article at a Moral Majority and New Right sponsored meeting Phyllis Schlafly drew applause when she said that the herpes epidemic could again make virginity something to be prized

Many readers began swamping the phone lines of groups

that were mentioned in the article. The Herpes Resource center reported that its local offices were often impossible to reach and asked those who were disappointed to write. (The address HRC Box 100 Palo Alto Calif 94302 USA include stamped self-addressed envelope) Busy signals were not the

only problem. Some readers saw a phone number in one illustration but did not note that it was for Philadelphia only. The Chicago pizzeria of Anthony Di Crescenzo happened to have the same number For the first four days after your magazine came out I was getting about 50 calls a night from people wanting my help says Di Crescenzo. It almost gave me a nervous breakdown

Calls seeking advice also came to the offices of TIME and were referred to doctors, many of whom reported an increase in the number of their patients inquiring about her pes. Readers also apparently recommended the issue to friends Said

a manager of Atlanta's Fastern Newsstand Corp. The follow ing week people were still asking for it

oh a meyers



cy was concerned about her troops. Di Crescenzo at work after the wrong-number blitz

Index



Cover. Israel tighters its noose around West Benut with the blood iest assault in the two month-old invasion The US on the verge of negotiating a PLO evacua tion is left fretting on the sidelines See MIDDLE EAST



Science: In Mexico City archaeologists have unearthed the centuries-old remains of the Aztecs Great temple Some 100 choice objects from the dig are on display at the American Mu seum of Natural Histors in New York

1 Letters 4 47 Environment 36 Law 50 Music

37 Milestones

51 Medicine

26 United States: The Right wonders if Rea rai is a Reaganite ▶ Larmers are on edne despite extension of the Sovict grain deal > The balanced budget bandwagon rolls on ▶ Nuclear freeze plea is



Living: Parisians dis uss the new Nova Park I lysees decor as Swiss swish or sheek chie but the world's most expensive hotel with its ten restaurants and bars and its bathrooms with sunken Licuzzis is a sellout

rebuffed in the House

43 Essav 52 Press



Cover: Photographs of Arafat and Begin by Alon Reininger | Contact Beirut by UPI

18 World An abortive coup claim: 129 lives and Kenya's image as a model of stability in Africa. ▶ Muammar Gad date in his bid to be come OAU chairman July even to muster the necessary quorum



Economy & Business After decides of prospenty laiwan ind South Korca suffer from groving pains Both are betting that high technology is the answer > A nerve jangling week on the US stock market

44 Show Business

54 Cmema

45 People 55 Theater

56 Books

Middle East

TIME AUGUST 16 1982

When Push Comes to Shove

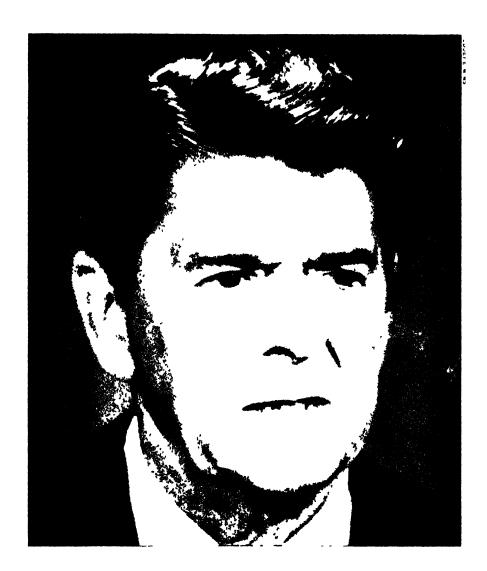
Israel flouts US diplomacy with a ferocious attack on Beirut

onald Reagan made a point of not smiling when he took his seat in the White House Cabinet Room across from Yitznak Shamir. The studied gesture was designed to reinforce the stern words he coldly read to Israel's Loreign Minister. An Israeli attack against the Palestine Liberation Organiration puctrill is in West Beirut ran the risk of threatening the special relation. ship between Washington and Terusalem A cease tire must be maintained. Reagan's grim warming. When PT O shiper tire is followed by 14 hours of Israeli bombardment, that is stretching the definition of defensive action too far. A day litter the Israeli bombardment of West Benut began. It lasted for 14 hours

The barrage that shattered the ninth cease fire was the most ferocious assault vet in Israel's nine week-old invasion of Lebanon just as the bombing and shelling that broke the eighth cease fire three days earlier had celipsed the previous battles Israeli tanks rolled into West Beirut in four columns, carefully splitting off strate. gic areas held by the Palestinians (see tol. lowing story. Naval gunboats lobbed round after round into the business district where tires raped out of control because of the lack of water and power. Artillery shells smashed once safe havens such as the American University Hospital the Commodore Hotel and the Soviet and French embassies. As a finale: American-made jets swooped down to strike the staggered city while the Israelis solidified their new positions.

Once again Israel had unleashed its awesome arsenal in defiance of the close ally that supplied most of its weapons. The blow came just when U.S. Special I nvoy Philip Habib seemed on the verge of salvagmin a diplomatic victory for the U.S. by negotiating a peaceful evacuation of the P.I.O. from Tebanon. As fracts terrible swift sword sliced into West Beituit in full video view of a war-weary world the I.S. was reduced to muttering public profests.

Reagan has been one of the staunch est believers in America's bond with Isra el but his feelings of lovalty have been deeply affected by the continuum blood shed in Lebanon. I lost patience a long time ago—the President noted sharply to reporters on returning from Camp David the weekend before Israel's latest assault. More than anything else the vivid television coverage of Israel's relentless pummeling of civilian areas has altered the



"I lost patience a long time ago."

"The world can no longer accept a situation of constantly escalating violence."

"I have expressed to Israel the absolute necessity of maintaining a strict cease-fire." —Ronald Reagan President's thinking Referring to one powerful image broadcast a week ago an aide says. That picture of the baby with arms burnt had more impact on him than 50 position papers. An Administration A aide attaches even more importance to the President's gut-level reactions. Reagan, he says, gets 50% of his foreign policy from Dan Rather.

Reagan opened his niceting with Shamir last Monday by protesting the civilian suffering in Lebanon. American public opinion has a short fuse on this situation—warned the President By raising questions about whether this use of US weapons constituted—defensive action which is a condition of arms sales to Isra cl. Reagan implied that the flow of military hardware could be curtailed. But the White House took a softer line in a state ment it issued describing the 20-minute meeting. The world can no longer accept a situation of constantly escalating vio lence. Reagan's advisers calculated that private pressure rather than public prod-ding would be more effective tand less

likely to backfire) in dealing with volate Prime Minister Menachem Begin

The strategy did not work Read a was called at 10 30 p.m. Tuesday by No. tional Security Adviser William Clark who told him that Israel had begun a major attack on West Berrit At a Special Sit. uation Group meeting the next morning headed by Vice President George Bush and at a subsequent National Security Council meeting chaired by Reagan, the Administration tried to thrash out a response Defense Secretary Caspar Weinberger argued that subtlety had proved to tile in dealing with Israel, sanctions were now necessary. George Shult, who has kept a notably low profile since he took over as Secretary of State, expressed exasperation with the Israelis, but was relictant to recommend harsh steps. Shult, is playing it coy says a White House official. He doesn't want to go out on a limb by confirming the Israelis worst suspicions of him

cagan adopted the view that chal-Jenring Israel too harshly would sacrifice what remains of America's influence over its prickly ally Our relationship is our strongest lever age says an official Severing this tenu ous bond by cutting off weapons or recall ing Habib, would give the Israelis a carte blanche to no into West Berrit - says one of Reagan's semor advisers. It was agreed however that the US should vote for a UN Security Council resolution condemning Israel if the measure could be modified to include references to the need for P1 O restraint and if the mention of sanctions could be deleted. When the wording could not be suitably amended Washington simply abstained letting the resolution pass 14 to 0.

The official American reaction to the Israeli assault was contained in a private letter from Reagan to Beom. Dear Mr. Prime Minister at began. It was the first letter Reagan has not addressed. Dear Menachem, since the two men met last September. The President reminded Begin that U.S. weapons could only be used for defensive purposes. But a warning about possible sanctions that was included in an early draft was left out partly at the behest of America's Ambassador to Israel Samuel Lewis who argued that even raising the issue would infurrite the Berin povernment. Reagan's accompany ing public statement was once againeven more muted Said he. I have evpressed to the povernment of Israel the absolute necessity of re-establishing and maintaining a strict cease fire in place. On the other hand he noted his sarong conviction that the PLO must not delay further its withdrawal from Lebanon

Begin forcefully let his feelings be known the same day. He met with a visiting delegation of 190 American members of the United Jewish Appeal Rarely has he ever appeared so angry in public. Referring to a report that originated in the Middle Last Policy Survey a Washing in newsletter—he quoted. Illinois Senator



"You must have forgotten that Jews do not kneel but to God."

"Nobody is going to preach to us hymanitarianism."

"The P.L.O. will not stay in Beirut."

-Menachem Begin

Middle East

Charles Percy as advising Reagan to bring Israel to its knees (Percy denies that he made such a remark and others who were at the meeting in question back him up) Standing in the knesset building before tapestries by Marc Chagall in that depict historical Jewish in scenes. Begin declared

Nobody nobody is going to bring Israel to her knees You must have forgotten that Jews do not kneel but to God. He added. Nobody is going to preach to us humanitarianism. As for the problem of getting the P1 O to leave Berut, he

vowed. If they do not go well we shall have to solve that problem. The PTO will not stay in Beirut or Lebanon. No sir. Out of the question.

The intensity of Begin's feeling was also evident in a letter he sent to Reagan on the day before the Beirut invasion. After thanking the President for sending him greetings on his 69th birthday. Begin said.

I feel as a Prime Minister empowered to instruct a valiant army facing Berlin where amongst innocent civilians. Hitler and his henchmen hide in a bunker deep beneath the surface.

The US stepped up pressure on Israel later in the week by requesting that it pull its forces back from West Beirut to the positions occupied at the beginning of



the week. There was not much hope that Israel would comply. Washington, however, did veto a Soviet resolution at the United Nations calling for a worldwide arms embargo against Israel.

From the American perspective Israel's assault on West Berrit came at a most inopportune moment. Habib appeared to have worked out a complex agreement that would have provided for the evacuation of the PTO from Lebanon. That the Israelis seemed willing to jeopardize the Habib mission indicated to some dispirited. American, analysis, that Jerusalem might actually prefer a bloody showdown to a diplomatic settlement that would preserve and possibly enhance the PTO's political status. Asked one U.S. official

How can Begin bear to see [PLO Leader Yasser] OArafat two months from more in Cairo his apparatus intact Mubarak as his ally and ready to talk to Reagan?

Israeli officials deny any desire to scuttle Habib's mission Begin and others in his government say that Israel shares the goal of negotiating a peaceful exit of the trapped Palestinians. The concern felt in Washington about deteriorating U.S. Israeli relations was not shared in Jerusalem Any disagreement between the

two countries. Israel feels is over factics rather than aims. Increased military pressure, the Israelis argue, will help force a settlement. Said Shamir while in Washington. We believe the PTO will not leave I chanon unless they are convinced that they have only one choice.

Washington on the other hand feels that the continuous shellings threaten to crumble hopes for a settlement. I arly last week Habib sent a blistering cable to the State Department asserting that his mission was being undermined by Israeli military outbursts. Reagan made the point to Shamir at their meeting. One reason Habib can't make any propress on the negotiations is because he has to deal with cease-fire violations so often.

Israel's Supply Line

If the US were to take the highly improbable step of suspending all military and economic aid to Israel the cutoff would sap Israel's military strength but only in the future I hanks to past American generosity. Israel has enough made-in-USA weapons to maintain its siege of Beirut almost indefinitely.

Since Israel became a country in 1948 the U.S. has given \$14.9 billion in military aid. About a third has been in the form of outright grants, the rest in loans that must be repaid within 30 years. Israel's formidable fighting machine includes an air force in which fully 85% of the 602 combat aircraft are American-built. Among them: 40 F-15 Lagles 75 F-16 I ighting I alcons. 138 I-4L. Phantoms and 246 A-4 Skyhawks.

On the ground the Israeli army has more than 3 500 tanks of which 1,460 are from the US 810 highly advanced M-60s and 650 M-48s. The Israeli invasion of Lebanon effectively used the US-made M113 armored personnel carriers of which Israel has 4 000. Nearly 1 000 American artillery pieces, including 175-mm self-propelled guns and 155-mm and 203-mm self-propelled howitzers provide 90% of the Israeli army s powerful punch. Both the air force and the

army rely heavily on U.S. missiles. The crunch in any cutoff of military aid would come only when Israel began to run out of spare parts. Israel buys some \$500 million worth of such spares each year.

Currently in the pipeline to Israel is about \$1.5 billion in assorted hardware including eleven new F-15s 800 more M113 personnel carriers 200 self-propelled howitzers 200 improved Hawk antiaircraft missiles and some 1 000 Maverick and Sidewinder missiles Overall, military aid to Israel this fiscal year is expected to total \$1.4 billion Of that amount \$850 million will be in loans Congress is considering the Administration's request that Israel be given \$1.7 billion in military aid for fiscal 1983, \$1.2 billion of it in loans

While Israeli military officials appreciate the help some of them contend that the high cost of modern weapons rapidly consumes the US funding that Israel gets Nearly half of Is-

tael's 1982 military aid from the U.S. for example, would buy and equip only 20 F-15 jet fighters

Beyond military help the US has sent entirely as a grant \$7.15 billion in economic aid to Israel since its founding, including \$806 million in the current fiscal year. Almost all this aid now is used to repay the US for previous military loans. The Administration proposes to give Israel \$785 million in economic aid for 1983, but \$260 million will have to be repaid at an interest rate of roughly 14%



ful punch Both the air force and the Made in America: Israeli air force F-16 Falcon



Shamir leaving the White House
A cool meeting with an angry President

At the outset of the crisis former Secretary of State Alexander Haig felt that Israel's invasion gave the U.S. unprecedented leverage with both the P.I.O. and moderate Arab nations. If the P.I.O. could be crippled as a military power hereasoned Sandi Arabia and Jordan might feel less inhibited in joining I gypt in the Camp David peace process. These heady deas soon disappeared. Instead of seeking a general settlement of the Palestinian problem. Habib had to concentrate all of his efforts on working out an evacuation plan for the trapped P.I.O.

Nonetheless if the US produces a peaceful resolution of the immediate crisis it will strengthen its position as the dominant superpower in the area. By week's end Habib seemed to have the negotiations back on track. Said one hopeful US official. What we had worked out by Tuesday is still there and pointing toward a settlement.

If Habib's mission fails it will be a serious blow to American prestige. Israeli attacks on West Benut reinforced the impression that the U.S. is a helpless giant that can neither influence. Israeli actions nor come to grips with events in the Middle Last Signs of U.S. ineffectualness in the current crisis have been conspicuous since the day in June when Reagan sent a well-publicized message from the Western economic summit incetting at Versailles urging Begin not to invade Lebanon Begin sent his troops in the next day

hese intimations of American weakness have already reverberated throughout the region. King Fahd of Saudi Arabia, the closest Arab ally of the U.S. called the State Detartment after the Israeli invasion and tasked that Reagan exercise a more potent role land! shoulder his responsibility in full for Arab patience has run out. In Ki wait, some members of parliament called for severance of diplomatic and economic ties with the U.S. including the imposition of an oil embargo. Tarik Aziz a Deputy Prime Minister of Iraq told Timi

Mortal Friends

The relationship has always been a rather special one occasionally baffling outsiders 'I don't understand you Americans backing Israel, Soviet Premier Alekser Kosygin told Lyndon Johnson in 1967. There are 80 million Arabs and only 3 million Jews Why do it. Johnson shot back 'Because it's right." Yet as Ronald Reagan's anger over Israel's siege of West Beirut demonstrated last week that tight relationship can sometimes confound even infuriate the two nations.

In May 1948 the US became the first nation to recognize the newly created state of Israel Relations reached their lowest ebb during the Eisenhower Administration. In 1956 Israeli forces together with British and French troops invaded Egypt after Nasser nationalized the Suez Canal At US urging the British and French pulled out within two months but the Israelis remained behind. Dwight Fisenhower lambasted Israel on national TV in February 1957 and privately threatened economic sanctions. Two weeks later the Israelis withdrew.

During the 1973 war Richard Nixon privately warned the government of Golda Meir not to cut off food and water to 20 000 trapped I gyptian soldiers. But it was not until 1975 that relations were once again seriously strained. Angered over Israel's intransigence in the negotiations for troop withdrawals from the Sinai Gerald Ford dramatically announced a reassessment of U.S. policies in the Middle Fast and suspended consideration of Israel's request for \$2.5 million in aid.

In 1978 the Israelis installed U.S. made armored equipment in southern I ebanon. When Washington protested Jerusalem first refused to remove the equipment later the Israelis claimed to have done so but U.S. surveillance showed otherwise. An enraged Jimmy Carter informed Israel that if the weapons were not moved forthwith, he would ask Congress to halt all arms sales to Israel. Only then did Jerusalem bow to Washington's wishes.



Golda Meir visiting Nixon in 1973

'The indiscriminate killing in West Berrur' is vivid evidence that neither of the two superpowers can step in It is evidence of impotency in the face of Zionist aggression. In Cairo a foreign ministry official noted. America is projecting an image of confusion incoherence and weakness.

In Europe exasperation with US floundering combined with cynicism about Washington's possible complicity in Israel's wish to exterminate the PTO has intensified complaints about the Administration's overall foreign policy. Reagan has never proved himself consuming in threatening to punish Israel said a French foreign ministry official.

ut the most serious strains were between Washington and Jerusalem Some 40 American Jewish leaders met with Bush-Shultz and Weinberger at the State Department last week to assess the damage. The general tone was most reassuring said one particip int. The officials issued a complete denial of even the consideration of sanctions against Israel | That assessment was disputed however by both White House and State Department aides Officials who oppose cuitailing aid and aims fear that Reagan may impose sanctions if he tecls crossed by the Begin government just as he ignored advice not to place an a embarge on equipment for the Soviet gas pipeline to Western Europe. Said one official at the State Department. Just because it would be counterproductive diplomatically does not mean Reagan might not do it. Begin should remember the pipeline

The US Israeli tension was evident when Shamir went to Capitol Hill last week to testify. We re all friends of Israel Democratic Senator Paul Isongas of Massachusetts informed him but I ve got to tell you support here is seriously Such sentiments lawmakers croding said were a reflection of discomfort with Israel around the country, Said Republican Senator Dave Durenberger of Minne sofa. I sure hear it back home. Stop i fighting a war against little children Congressman Dave Obey agrees Says the Wisconsin Democrat - People come up to me and say Good God what are you go ing to do to stop this business?

The stability of the Middle fast and the credibility of American diplomacy hinge on whether words or rockets settle the status of the PLO in West Beirut For all the demands that the US remain-Israel, the Administration has neither the means nor the right to control its ally or for that matter any other country. Israel is a sovereign and hereely independent state whose aim is to defeat the PLO terrorists who have been operating out of Lebanon. To a large extent the fate of America's Middle , Last policy is in the hands of two of i the toughest and most single-minded men in the world Yasser Arafat and Menachem Begin By Walter Isaacson Reported by Douglas Brew and Johanna McGeary/ Washington

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Middle East

Beirut Goes Up in Flames

With bombs and rockets, the Israelis tighten the noose on the P.L.O.

Joshua fought the battle of Jericho and the walls came tumbling down

Il across West Beirut hour after hour came the shattering detonations in crowded city streets the crump crump crump of exploding bombs and shells and then after the brilliant flashes of red, the rising clouds of destruction

The Israeli government insisted that it was not the real thing the longthreatened Israeli invasion of the battered enclave of the capital by the sea. But to the 500 000 residents of West Berrut as well as to the 6 000 Palestinian fighters hidden among them it was as close to total onslaught as anyone could imagine Iwice last week the Israelis staged attacks on the besieged western areas of Berrut that in sheer destructive power though not in casualties, wreaked devastation that stirred memories of the punishment inflicted on Luropean cities during World War II and recalled the fate of Jericho the enemy city that the ancient Israelites had laid waste. One observer studying the wreckage cited the sardonic words of a soldier quoted by the Roman historian Tacitus They made a desert and called it peace

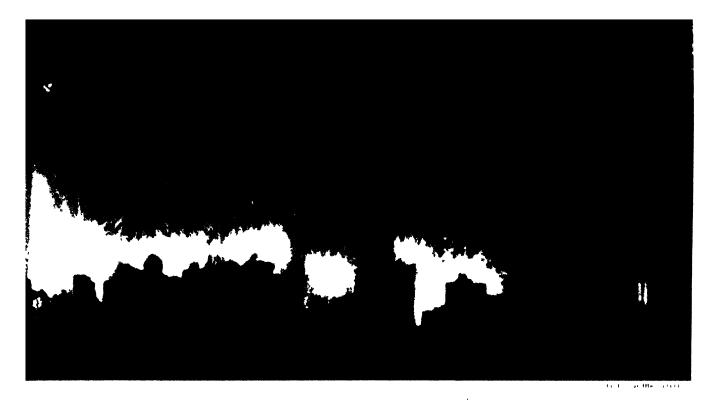
Lebanese authorities announced that

the Israeli attacks on West Benut, where only one in about 80 people is a Palestinian guerrilla had killed 400 to 500 civilians and wounded 1 000 more the heaviest casualty toll since the invasion began on June 6. After a brief cease-fire some 10 000 Lebanese streamed out of the target area wending their way through streets filled with debris and smoldering runs and found refuge in East Berrut of

outside the city. The Israeli attacks which aroused wide opposition around the world came just as U.S. Special Envoy Philip Habib reportedly was on the verge of working out an agreement for the Palestine. Liberation. Organization to evacuate 1 ebanon. The assaults also angered Egypt's President Hosni Mubarak and thus jeopardized any resumption of the Camp. David talks with Israel in

Israeli bombs envelop the Lebanese capital in clouds of smoke as the attacks continue





search of a long-term settlement of the i Palestinian issue

In a sense, the clash between the Israelis and the PTO scemed inevitable given the implacable hatred and deep suspicion between the two old enemies and the nature of the stalemate in West Beirut. The Israelis, who had hoped for a quick victory over the redoubts of the P1 O in Lebanon were impatient and angry. They did not believe that the PLO leadership had yet accepted the fact it must leave Lebanon They were furious at U.S. insistence that they must ease up on West Berrut at precisely the time when they thought sustained pressure on the PLO was most needed. The PLO more desperate than ever before was negotiating the terms of its withdrawal from Lebanon But the organization was also hoping that international condemnation of Israeli actions in Leba non would give it a little breathing room

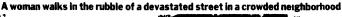
By week's end the Israeli forces had 1 sector of West Berrut, where most of the PTO guerrillas are believed to be based Some authorities noting the intensity of last week's military action, thought the Israelis had abandoned the idea of an allout onslaught on West Beirut in favor of a series of limited attacks aimed at defeat ing the PI O guerrillas step by step. In the Habib negotiations many details concerning the PLO withdrawal from Lcbanon remained to be settled, but at midweek the PLO sent Habib a new set of proposals that seemed promising President Reagan asked Israeli Prime Minister Menachem Begin to withdraw Israeli forces to the positions they had held the previous week and to maintain a ceasefire long enough to allow Habib to work out an agreement. But the Israelis refused to pull back either because they doubted

the good faith of the PTO in the negotiastrengthened their grip on the southern ; tions or because they were determined to ! score further gains against the PTO bcfore world pressure obliged them to accept some sort of settlement

The week of action began on Sunday with a large-scale Israeli attack. For 14 hours Israeli forces bombarded West Beirut with the hercest shelling since the Israeli invasion of Lebanon began. Israeli i artillery warplanes and gunboats struck at wide sections of West Beirut including many districts that contained few guerrillas and indeed hardly any Palestinians

fter the ferocity of the Sunday attack and the worldwide condemnation that it produced many diplomats in Lebanon expected a few days of respite. They were wrong. On Tuesday reports reached West Berrut that the Israelis were massing tanks and armored personnel carriers at various points near the port and along the Green Line separating Muslim West Beirut and predominantly Christian Last Beirut The attack began at midnight Tuesday with exchanges of artillers and tank fire and increased in intensity. By 2 a m. the entire city rocked to the sound of the big puns

In the Wednesday attack, the Israelis made four separate thrusts. One jabbed at the site of the Lebanese National Museum. As tanks rumbled up-ominously gunning their engines the Israelis used loudspeakers to urge civilians to flee for their lives. The tanks surged on to attack the Hippodrome a race track in a once elegant park dominated by pine trees. Israeli M 48 Patton tanks lined up on the border of the park and troops seized nearby high-rise buildings. The assault blocked the P1 O s access to ammunition depots and near by bunkers, and gave





Middle East

the Israelis a staging area for future operations

Israeli tanks also spearheaded the attack against the Berrit port region in the north of the city but the real drive came from the south. Pushing north from International Airport which they had seized three days earlier the Israelis went on to take the PLO military stronghold inside the Ouzar area and surround the Burr al Barameh refugee camp. From here the road is open to the main PLO stronghold at Lakhani said a paratrooper colonel. The area contains most of the PLO's main headquarters including that of Chairman Yasser Arafat. The fourth thrust moved from East Benut through Taiuni toward the important refugee camp of Shatila. The overall Israeli strategy appeared to be a pincer movement driving west and north

The extent of the Israeli attack seemed to stun some units of the PLO although others tought back valiantly Noting that PIO counterfire was becoming sporadic an Israeli general told TIMI Correspondent David Halevy hope they are running out of ammunition I hope they are close to the breaking

point

Until last week most of the Israeli at tacks had been concentrated on Fakhani the Palestinian refugee camps and the southern suburbs. But now Israeli artiflery and gunboats sent round after round crashing into Hamra, the downtown sec-, tion of West Beirut, where the PTO has no military positions except for mobile rockets and artiflery pieces in the streets As buildings sagged and crumbled tires raged out of control. There was no water to help quench the flames, the Israelis had shut off the flow

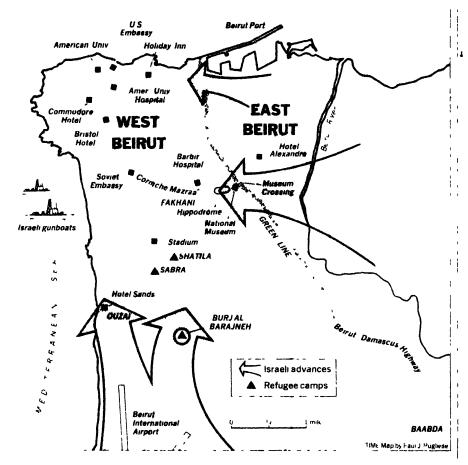
he Israelis claimed that they were making every effort to avoid civilian casualties. According to one senior Israeli officer his orders were to search and destroy the enemy but to avoid civilian casualties by any means Nonetheless the Wednesday assault was seemingly designed to intimidate the civilian population. Shells fell everywhere People fled by the thousands to basement shelters. A few were bombed out twice in one day first from their own homes and then from the homes of friends. The below-ground coffee shop of the elegant Bristol Hotel was filled with refugees until the hotel was shelled and fire broke out on the upper floors. Patients from some parts of the American University Hospital had to be carried to the basement because the building was being hit. I ater the hospital its wards overflowing with the wounded sent out appeals for gasoline to run its generators

Countless buildings in the Hamia area were badly damaged including the Information Ministry and the headquarters of An Nahar the newspaper of record for the entire Arab world. Last week on ; its 50th anniversary it was unable to pub-

lish for the first time. Inside the An Nahar building the offices of several American news organizations including United Press International Newsweek and the Los Angeles Times were damaged or destroved by phosphorus bombs. In late afternoon. Israeli artillery fire hit the Commodoic Hotel where many foreign correspondents were staying

I iving conditions in the besieged city were worse than ever. There has been no electricity since the Israelis switched it off on July 26 cutting the water supply at the same time. The water was briefly turned on again, though this did not help apartment dwellers the electrically powered

The Israeli cutoff of food and water was presumably aimed at heightening the tension between the local populace and the commandos Instead for the moment at least the attack seemed merely to make the civilians angrier at the Israelis A Lebanese woman Mrs Ihsan al Sirhi stood in the shattered lobby of what had been her apartment house. The day before her husband and one daughter had been killed in an Israeli raid Ieais streaming down her cheeks she told a foreign journalist. My daughter my husband blown up dead Thirty years of work wiped out But God help me they will pay for it. They took Palestine and



pumps would not work. New wells were being dug all over the city and trucks carrving water toured every district. Much of the water was unclean and carried with it a risk of typhoid and choleral according to UN health officials People had little choice but to drink it anyway. Fresh fruit and vegetables were no longer available flour was in short supply and lines formed at dawn outside shops that were lucky enough to have any bread to sell The sieve came at the height of the torrid Mediterranean summer increasing the general distress. When available at all, a \$3 case of bottled water was selling for \$10 The Palestinian guerrillas were less affected by the food shortage than the general population because they had built up their own supplies

now they have taken Lebanon Where is there any justice?

On Boustany Street in the Arab University area Usama Zein sat in front of his small grocery store. The street was a litter of debris power lines were down, apartments lay open to the sun and the street was filled with rubble Usama Zein said that about a quarter of the people in the neighborhood were still there tucked away somewhere in the destroyed buildings, trying to survive 'Where else can we he asked 'At first some of us went to the schools for shelter but then the schools were hit. So we thought well if we have to die, we should die at home

.Out of hundreds of shops along the much bombed Corniche Mazraa only the Idriss grocery store was open for business

The manager. Ahmed Lebdi explained that on days when there was no shelling he tried to stay open for several hours. Most of what we sell now is canned because there is no refrigeration, he said. We have no milk no bottled water I don't know what we'll do But I ll stay open.

At Zaidanieh in the heart of the Sunni section of West Beirut, the atmosphere was one of defiance. A resident declared angrily. Let Israel come. We know the Israelis are stronger, but we will win. He then took a visitor to his nearby home and showed him 15 rocket-propelled grenades that were lined up on a spare bed.

To people who have known Beitut in the past, the devastated city is an appalling sight. There is practically no vehicular

at least four attempts on Arafat's life within the past six weeks. Two operations centers were bombed shortly after Arafat visited them. Last Friday an Israeli jet attacked an eight-story apartment building in the Sanayeh district of West Beirut killing of injuring 250 people. Contrary to reports the building had not been used as an Arafat headquarters although it did house the family of Arafat's chief personal bodyguard. A short while later a car bomb exploded near by PLO leaders were convinced that the Israelis were closely following Arafat's movements and tiving to kill him before the crisis in Lebanon had been resolved

In this atmosphere of mutual suspicion. Israeli policy about Lebanon was Further the Israelis flatly admitted that as always, they reserved the right to make a hugely disproportionate response to PTO attacks

Even so the Israelis were concerned last week that the US would feel that their attack on West Berrut was a punishment that did not fit whatever crime the PTO may have committed Major General Menachem Meron Israel's senior military attache in Washington called in reporters to try to claim that the Wednesday assault on West Berrut was aimed only at rooting out PTO gunners who were firing on Israeli troops. But Meron had told the same reporters two months earlier that Israeli forces would go no deeper than 25 miles into I ebanon. When



A detailed map of Beirut before them, Israeli officers crowd around as they plan the attacks that destroyed so much of the capital

traffic because there is no gasoline, the price of a five-gallon can reached \$80 some weeks ago, and then the gas ian out In Fakhani almost every large building has suffered some damage. The sports stadium is smashed and the airport badly damaged burned-out skeletons of jet-mers sprawl on the tarmac.

The fighting jeopardized anew the negotiations led by US Special Envoy Habib to get the PLO peacefully out of the country Clouding the diplomatic proceedings from the beginning has been the basic mistrust between the Israeli and the PLO leaders a wariness that has made the talks difficult and spoiadic fighting all but a certainty PLO fears have been reinforced by the fact that there have been

two-pronged First Terusalem would cooperate to a degree with the Habib negotiations especially since the Reagan Administration was so committed to the talks Second Prime Minister Begin 5 government would periodically apply heavy military pressure on PI () positions in West Beirut in order to remind the Palestinian leaders that their only choice was to leave Lebanon Israeli officials declared that these salami-style maneuvers of slicing away at the Palestinian redoubt in West Beirut would be conducted only in response to P1 () ceasefire violations. But there were bound to be violations as the Israelis well knew because the PLO is made up of so many factions often at odds with one another

bluntly asked why reporters should believe him this time, the general replied. That is a political question, and I will not answer political questions.

oming the effort to down-play the assault on West Berrut Defense Minister Ariel Sharon architect of the Lebanese invasion complained to Lebanese invasion complained to Lebanese invasion complained to Lebanese invasion complained to Lebanese invasion that Israel was firing 1,000 shells into West Berrut for every shell fired by the Palestinians Sharon demounced such accounts as mendacious and said that they were based on observations from afair

As it happened Sharon had special reason to be sensitive to criticism. Ac-

The state of the s



Middle East

cording to reports from Jerusalem, the Begin government failed to consult or inform either the Israeli Cabinet or the ministerial defense committee of the plan for the Wednesday assault on West Beirut. At a Thursday-night Cabinet meeting some ministers asked who had approved the operation and when this had been done. Prime Minister Begin, regarding the inquiries as a personal attack, angrily attempted to justify the military action. He also admitted that the decision had been made by Sharon and himself at a private meeting. Said Begin. Even David Ben-Gurion had to make decisions of the same

nature on his own. The explanation caused speculation among some Israelis that Begin and Sharon fearing a defeat of the assault plan at the Cabinet level, had simply decided to proceed on their own. It also strengthened the view that Sharon enjoys too much power within the Begin government. Remarked a senior U.S. diplomat. We are beginning to wonder if the political leadership in Jerusalem is being manipulated by the military. Said an Israeli Labor Party leader of the ambitious Sharon. He has discovered completely the potentials of power, but he has not yet discovered its limitations.

Ironically the attacks on West Benut came just as Habib thought that his peacemaking mission was on the brink of success. Larly last week a Habib aide placed what State Department officials termed a euphonic call to Washington Habib who had been repeatedly in touch with the PLO through his Lebanese intermediaries sent home a cable that was a bit more cautious indicating considerable optimism but noting that there were still 1/8 to be crossed and 1/8 to be dotted. I ven so declared one top State Department official, we had 95% and only needed a couple of more days to get 100%.

View from the Guns

As the Israelis attacked West Beirut on Wednesday, TIME Jerusalem Bureau Chief David Aikman watched from the seventh-floor bulcons of the Hotel Alexandre in East Beirut and their visited Israeli positions in various sections of the city His report

A t around 2 a m Wednesday, loudspeakers on Israeli vehicles becomed warnings to Palestine Liberation Organization soldiers only a few hundred meters away 'This is the big thing. The planes will come in about 90 minutes.' By dawn the artillery exchanges had become so fierce that it was dangerous for us to stay in so exposed a position at the

Hotel Alexandre Palestinian mortars and 130-mm shells exploded near by sending shards of steel shrapnel onto the hotel toof

Away in the hills behind the southern Beirut subuib of Baabda the boom of Israeli heavy artillery was sending shells whistling into the area of the Hippodiome and the park called the 1001-Pine Forest This huge region is riddled with PLO bunkers and tunnels and houses several Katyusha rocket launchers and fieldpieces In response. PLO Katyushas came ctashing down on suspected Israeli

positions in East Beirut Files flared up along the skyline competing with the flashes and spaiks of the artillery. The noise level became stupendous the whoosh-whoosh of the Katyushas the brazen bark of the tanks, the gossipy chatter of machine guns.

At 4 30 a m there was an unexpected lull Again the Israeli loudspeakers bellowed in Arabic, "Don't be afraid Go where we told you to Leave your houses." This was evidently addressed to West Beirut civilians. But if anyone had been far enough aboveground to hear the exhortation, he or she could hardly have complied anything waving a finger in the 60-meter-wide alley at the so-called museum crossing would have been killed instantly. Amid all this, roosters began to crow.

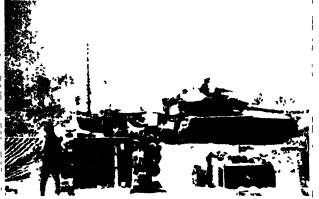
As daylight spread across the urban battlefield, the fires died down over West Beirut, but huge columns of smoke in amazingly varied tints of white, gray and black roiled skyward. The shelling continued, moving forward into West Beirut just ahead of the advancing Israeli troops.

In Baabda tank and heavy artillery shells were slashing into PL O positions in the huts and deserted buildings near the edge of the Burj al Barajneh refugee camp "In many places we were in the open" explained an Israeli briefing officer 'For that reason we had to improve our position'. The improvement' involved firing volleys of artillery and Sovietbuilt BM-21 lockets captured from the PLO

In the no man's land of the museum crossing a group of exhausted Israeli soldiers were sprawled in sleep on the patio of an elegant apartment house. Others wearing helmets and flak jackets waited patiently in a few lined-up tanks and aimored personnel carriers. Machine gun, tank and mortar frie were crashing back and forth down the Avenue Abdallah Yah. Wandering pensively behind two tanks, Bruce. 23 a Brooklyn-born yeshiva student, was clutching a Hebrew Bi-

the other "I back the government 100°C," he said "We ve suffered so much from the terforists for years I feel we have no choice but to do this

A bulldozer was brought up from the rear to build earthen protective ramparts for tanks As an Israeli infantry squad ran to provide covering fire, the great diesel engine snarled into acceleration and the bulldozei disappeared around the corner of sandbags Three minutes later it was back, its task accomplished There was a cheer from the so'diers, but the



PLO Katyushas came crash- Ready for action: Israeli tanks taking up firing positions

youth at the wheel concentrated wholly on maneuvering the cumbersome machine back into the alley Near by, an Israeli senior officer gave his impression of the fighting "We don't want to give up at this point," he said "I must say, the PLO does fight But we are squeezing them, and we can see that they are going to break"

At 5 40 pm the Israelis launched a bombing raid that went on for more than an hour Watching from a balcony of the Alexandre, we could see the planes roar in one by one, releasing flares to deflect enemy SA-7 missiles. As the bombs landed, they caused a great splash of gray smoke over the honeycombed 1 001-Pine Forest and the Hippodrome

In a terrifying way the roar of the aircraft, the popping flares, the symmetry of the bombs' impact, all had a sort of grim, choreographed beauty. As darkness finally descended, the bombing stopped and even the shelling eased off. We did not know what had brought on this unofficial, though doubtless temporary, cease-fire. Yet it seemed to stand for something unannounced but very welcome.

But the Israelis belittled Habib's overures. To members of Begin's Cabinet, the invoy's letter was couched in precisely the me vague diplomatese that has come to nturiate the Israelis in their dealings with he American Habib's letter was pepbered with such phrases as. I have reason obelieve and We can assume accordng to an Israeli official familiar with its contents. Begin even quoted some of the phrases in his letter to President Reagan o show his skepticism about the Habib mission With all its hedges. Habib's proposal seemingly reinforced the growing Israeli conviction that diplomacy was becoming useless in coping with the PLO

Jerusalem was also hostile to U/N/ef-

forts. Israeli troops simply turned back a convox of U/N observers who had at rived at the outskirts of Beirut in an effort to carry out a Security Council resolution instructing them to take up positions in the I chanese capital.

The next day Begin said that UN Secretary-Cieneral Javier Perez de Cuellar would not be welcome to visit Jerusalem if he went through with a plan to meet with PTO Chairman Yasser Arafat Still later in the week when the Security Council debated a resolution to condemn Israel for defying previous UN demands on Lebanon Israeli Ambassador Yehuda Blum got into an angiv argument with Soviet Ambassador Richard Ovinnikov. The So-

viet diplomat told the council that his government favored severe action against Israel because it was imperative that Bertut not join the list of cities such as Warsaw and Coventry that were destroyed by Hitler's Fascist troops. In a fury Blum lashed out at Ovinnikov terming his statement obscene and taunting him for the Soviet. Union's use of humanitarian tanks in subjugating the peoples of Afghanistan Hungary and Czechoslovakia.

To the Israelis it seemed that their tough policy in Lebanon had been altopether effective. Soon after the Sunday at tack they noted the PLO made two important concessions. First the leaders dropped their demand that an interna-

View from the Target

While Aikman witnessed the assault from Israeli lines TIME Middle East Bureau Chief William Stewart discovered what it was like to be the target of concentrated firepower from land, sea and air. He was often less than 2½ miles away from Aikman and constantly in mortal danger. Stewart s report

The memory begins to play tricks. It is difficult to remember when one day's shelling ended and another began. I reassure myself by consulting the papers. On Sunday I am the only one in the apartment house. A week earlier it had taken a direct hit, and although I was away. I felt vulnerable as never before. At 4 a m, the shelling begins. I twist and turn

in bed wondering whether or not to get up I am really only afraid of shells from the sea but they are shooting from the sea I decide to get dressed and go downstairs. Abu Alt the Palestinian concierge is already up

Later in the morning LIMI'S Abu Said Abu Rish Photographer Rudi Frey and I set out on a tour So fat the bombs and shells have been contined to known Palestinian areas. They have not struck the commercial heart of West Beirut. We drive to the Carlton Hotel, atop a hill in once fashionable Raouche.

gently argue our way past the guerrillas guarding the building and climb 14 flors to look over toward the airport Sports City and the wealthy district called Ramlet al Baida

Never before had the fighting been this close Out at sea Israeli gunboats train their sights on the coastline. Abu Said and I peer around a wall to watch Israeli jets drop cluster bombs on Ramlet al Baida. As each falls on the boulevard there is a shower of small explosions. As the bombardment grows we decide to leave making our way past the guerrillas who are hidden in the concrete corridors and recesses of the buildings stumbling over them in the dark, making foolish excuses in English and Arabic.

A few hours later Frey points to a white speck in the sky, and I watch an Israeli pilot float gently to the ground. For a few minutes it tooks as if he is going to land in the foothills where he would be picked up by his own people. Then I see the pilot disappear into the city.

Just before 5 pm there is a barrage of artillery fire so fierce, so extensive, so positively horrifying in its intensity

that I rey and I are stunned into silence. Building after building comes crashing down. Great flashes of tire light up the sky. A crescendo of noise like some dicadful thunder rolls across the city.

The building we are on comes under fire. A shell whistles overhead as we rush inside. The building shakes as each shell finds its target. Another shell crashes with an earsplitting sound into the parking lot below. We race down the steps floor after floor, afraid for our lives. This time there are no mumbled apologies as we push past the guerrillas. Once back in the hotel I have two quick Scotches.

Larly on Wednesday morning the ninth cease-fire is broken as Israeli armor attempts to move into West Berrut. To cover the advance. Israeli artillery and ships drop shells everywhere. Not a single area escapes untouched, for the hist

time Hamia, the heart of the commercial area comes under sustained and heavy shelling

> In a momentary full. Abu-Said Frey and I drive quickly to my apartment and to TIMES office to check for damage. As we are climbing the stairs to my apartment the shells start coming in again from the gunboats. We are trapped in the stairwell for tive minutes of so as the build ing shakes. Then we rush over to the TIME office which is something like a bunker since it is on the ground floor and set into a hillside. For the next half an hour we sit and drink

Sustai Ir Said ly to TIMI dama the st shells from trapp five m ing sh to the some

the Carlton Hotel, atop a hill After the fusillade: damaged cars and a ghostland in the city

warm beer and listen to the shells whistling overhead

When the shelling stops we run for the car and speed to the Commodore Hotel. But even the Commodore has taken a direct hit destroying Room 617. My room was 605 so I move downstairs. Coco the hotel parrot is beside himself with rage at poolside, and keeps whistling the opening bars of Beethoven's Fifth Symphony. Coco is also particularly good at imitating the sound of incoming artillery rounds, and does so to the intense annoyance of everyone.

Since the attacks began on Sunday there has been a remarkable transformation of opinion in this beleaguered city. Instead of desperately wanting the PTO to leave in order to avoid further bloodshed. I chanese civilians we talked to all over West Berrut now want to see Israel defeated. The Israeli attacks were directed not just against. Palestinian military positions but at hospitals, schools, apartment houses, government offices and shipping centers. Everything became a target, and so did the people of West Beirut in what has become known as "the great siege."

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In a Jeep on the Green Line separating East and West Beirut, Israeli soldiers sit and wait



Israell troops prepare for their assault on West Beirut, above, and patrol streets near museum



fore their organization moved out The P1 O does not want to depart through a cordon of Israeli forces Said one US expert. If the choice is between martyrdom and walking out through Israeli lines they [the PLO] will stay and fight. Second the guerrillas said they would no longer insist that Israel complete a minimal withdrawal of its own forces before the evacuation begins.

On Thursday the PLO forwarded a new set of proposals including a timetable for leaving Beirut to Lebanese Prime Minister Chafik Wazzan Despite the effects of the Istaeli bombardment Wazzan managed to deliver the proposals to Habib who in turn passed them on to Jerusalem. The working plan reportedly involved a 14-day period for the withdrawal. On the first day, the 6,000 guerrillas in West Beirut would pull back to refugee camps and be replaced by an international peace-keeping force including troops from the US and other countries. In the next three days. Palestinians bound for Jordan and Iraq would travel by bus or truck to the Bekaa Valley Trom there they would proceed by road to Amman or by air to Baghdad. After that the Palestinians heading for Egypt and perhaps other Arab countries would depart by air or sea. During the second week, the last of the guerrillas in West Beirut would leave by road for Damaseus. The PLO leaders would stay until the end to oversee the withdrawal. An alternate plan calls for the first group of Palestinians to be evacuated from Beirut aboard a French ship to the Egyptian port of Alexandria and the Jordanian port of Agaba

Il told the withdrawal would affect not only the 6000 PLO fighters in West Beirut but most of the other 20 000 elsewhere in Lebanon Jordan has reportedly agreed to take some 5000 members of the PLO who currently hold Jordanian passports Egypt is said to be ready to take about 1 3 000 including the PLO leadership but 21 Is asking the US to convene a conference in on Palestinian rights as part of the deal Cairo would presumably be the best headquarters for the PLO since it has traditionally served as a base for Arab liberation movements Besides the Egyptian capital has more than 100 diplomatic missions with which the PLO could keep in contact Other PIO guerrilla contingents may be sent to Syria Traq and Sudan and a small group is likely to be left behind in Lebanon

By week send there were reports from both Berrut and Cairo that an agreement was in sight and that the evacuation of the PLO from Lebanon might begin within a few days Possibly so but a great deal still depended on how the Israeli government viewed the latest proposals and how determined the US was to press them on the Israelis

All week long, world opinion had called upon the Israelis to ease up on West Beirut, with little practical effect "We see

Middle East



A convoy of United Nations observers is turned back by the Israelis just south of Beirut Condemned by much of the world but convinced the PLO respects the use of brute force

the same pictures on television that you ! are seeing 'a British government official told an American in London and we feel the same as you. Something must be done to stop it. In Rome the Italian government complained of the serious violations of the ccase-fire committed by the Israelis and firmly condemned the repeated recourse to force. In Paris, a Quaid Orsav spokesman suggested that I rance might support economic and diplomatic sanctions against Israel for refusing to comply with the U.N. resolutions calling for a stop to the fighting

n Bonn the West German government condemned Israel's march into Lebanon as a flagrant violation of international law After the assault on West Beirut, a government spokesman deploted the heavy buildens and petils of the Lebanese people whose sufferings cannot leave anyone unconcerned. Theo Sommer, co-publisher of Die Zeit reflected on whether Germans with their Nazi past, had a right to speak out against 'the horiois of the Begin present' He concluded. Even Germans can bluntly say Begin's Lebanon war is unnecessary it is inhuman, and ultimately it will bring about the exact opposite of what was orig inally intended

In the face of such outspoken criticism, the majority of Israelis still supported their government's policies Nonetheless, the small but articulate domestic opposition to the war led by the Peace Now movement, staged a highly visible protest last week while Begin was holding a special Cabinet meeting Some 2,000 demonstrators paraded outside Begin s office building Thursday evening chanting "Peace yes! Sharon no!" Among the demonstrators were the Israeli novelist Amos Or and the former chief education officer of the Israeli Defense Forces, Mordechai Bar-On

Other well-respected Israelis have

also strongly opposed the Bentut siege Abba I ban the former I oreign Minister and onetime Ambassador to the U.S. declared in the Jerusalem Post This war is already on the way to becoming the most traumatic of all the Israeli experiences These weeks have been a dark age in the moral history of the Jewish people

In the meantime, the political bureau of the opposition Labor Party passed a resolution 'unequivocally opposing any military entry into Beirut as well as any military action geared to facilitating such an entry ' The resolution reflected a decision by Labor to oppose the war openly after several weeks of vacillation. Writing in the New York Times Labor Party Leader Shimon Peres lamented the erosion of the image of Israel as a result of artillery fire filmed by the world's television networks. He questioned whether the

Arafat visits the fighting area in Beirut



military gains were worth the price they had cost his country in lost prestige

Terrible as it has been, the devastation of West Beirut seems to be a prelude to political settlement. The PLO is committed to withdrawal it has no choice From its new headquarters in Cairo oi elsewhere the organization will have reduced military power but it will still receive support from the Saudis and the other gulf states which have long backed Arafat and his Al-Fatah organization. In time the PLO's political and diplomatic influence may well increase

hat is equally obvious is that whatever the fate of the PIO, the problem of the Palestinians will not disappear. It has been present since the founding of Israel in 1948 and has been growing in intensity since Israel occupied the West Bank and the Ciaza Strip during the Six-Day War of 1967. The Camp David accords promised 'autonomy to the Palestinians though Begin and Sharon often seem more imbued with the idea of annexation. To many Israelis, the thought of incorporating 1.3 million Arabs is a demographic nightmarc for a country whose current population already includes 640 000 Israeli Arabs along with 3.3 million Jews Largely for this reason Opposition I eader Peres advocates negotiations among Israel Jordan and the Palestinians (but not the PLO) that would lead to the establishment of a Jordanian-Palestinian state. This he believes would not only resolve the Palestinian problem but assure the survival of Israel as a Jewish, democratic state that does not aspire to rule another people

The great frong of the invasion of Lebanon and of the assault on West Beirut last week is that the military victories may ultimately make Israeli security more uncertain No Arab nation or combination of Arab nations can stand up to Israel on the battlefield. The popular frustration bred by this fact undermines governments and encourages the growth of radical groups that are implacably opposed to Israel's existence. Every time Israel tries to impose its will on the Arabs its actions serve to unsettle the entire region Many Arab governments may feel that the PLO is a disruptive force that could harm them but Palestine itself remains close to the heart of the Arab nations

In its efforts to help bring stability to the Middle Last the US must find a solution to the Palestinian issue on terms acceptable not merely to Israel but to the bulk of the Arab world as well Israel's security can be maintained without thwarting the Palestinian drive for self-determination. The Israelis tend to equate this drive with terrorism' But terrorism is only the ugly and dangerous symptom of the underlying issue of Palestinian autonomy that the West has faced up to only rarely in the past 34 years -- By William E. Smith. Reported by David Alkman/Jerusalem and William Stewart/Belrut

World

KINY

Flaws in the Showcase

A revolt reveals dangerous tensions in black Africa's model state



A victim of Nairobi's recent violence lies dead in front of looted shops in the wake of an aborted coup

he sense of strain and anxiety lingured ominously. Banks and government offices were open but workers and shoppers who normally thronged the downtown streets of Nairobi (pop about 970 000) were rushing for home by inid-afternoon to observe a dusk to dawn curfew leaving the city center a ghost town. Blocks of shops in the downtown area were boarded up concealing the shattered windows and vacant shelves left behind by an orpy of looting.

Occasionally sprawled corpses could be seen on city streets evidence that a tough government crackdown was still in progress in one of black. Africa's most pro-Western and pro-capitalist countries. All told at least 129 Kenvans were dead and an additional 100 missing last week after the suppression of a bizarte coup that though it failed cracked the veneer of Kenvan stability which has endured during 19 years of independence.

The strange and violent 72 hour outburst beginning on Aug I was led by discontented enlisted members of the country's 2 200-member air force in an effort to overthrow the government of President Daniel arap Moi 57. It came as a particular shock to Kenyans, who are

proud of their country's reputation as a model of African capitalism and stable black self-rule in the midst of a region of turbulence Suddenly Kenya was revealed as a country racked beneath its placid surface by savage and dangerous political and economic tensions. Says Peter Frank manager of the Hilton Hotel in downtown Natrobi. The magic that was Kenya disappeared on a Sunday morning.

Save for its ferouty, the aborted coup might have been dismissed as an aberra-

ular shock to Kenyans who are Civilians show their identity cards to Kenyan soldier

tion. The robel enlisted men did not appear to have any ideological motivation and many were members of the Kikuyu tribe which dominates the country's sole political party, the Kenya African National Union (KANL). When the insurgents seized Nairobi's Voice of Kenya radio station, they announced the overthrow of Mors, corrupt and dictatorial government in the name of a shadowy National Redemption Council. The airmen backed their denunciations with re-

cordings of Caribbean reggae tunes and Viennese waltzes

What gave the clumsy power grab more importance however was that the airmen were almost immediately joined by students from the University of Narrobi and by hordes of ragged shantytown dwellers, who went on a rampage of looting and destruction. They proceeded to plunder everything that they could carry away from the stores of downtown. Natiobi's predommantly Asian retailers testimated losses due to the looting \$50 million) Recalls one eyewitness to the destructive orgy. Guys were running around stuffing money into their pants and when their pockets were full they stuck the money in their underpants '

Within six hours lovalists from the 12 500-member Kenyan army and the 1 800-member General Service Unit (a paramilitary police force) rallied to beat back the rebels and began to restore order To be safe. Mor finally placed virtually every man in Kenya's air force under arrest

Much of Mois trouble may be of his own making. After he was elected in 1979 as the successor to Kenya's legendary founding father Jomo Kenyatta the new President was praised by observers for his relatively liberal approach to politics human rights and free market economics. But in the past six months Moi has shown an increasingly authoritarian bent. He has ordered the detention without charges of seven people including four Nairobi University lecturers presumably for expressing reservations about his rule and the lawver who took up their case. In Tune after the country's most prominent left-wing tribal leader. Oginga-Odinga (a member of Kenya's secondlargest tribe the Luor who is known as Mr. Double O reportedly threatened to form an opposition socialist party. Morrammed through a constitutional amendment converting KANUS de facto oneparty rule in Kenya to formal status

Moreover Kenya's \$7 billion economy long the strongest in East Africa is in bad shape. At the root of the problem is the Kenyan birth rate of at least 3.9% the world's highest compared with 7% in the U.S. Only 15% of the country's land is arable and to make matters worse the government's agriculture program has badly faltered As a result Kenya once self-sufficient in food production has be come a chronic importer of expensive grains including the daily staple corn Prices for the country's traditional exports (coffee tea livestock products) have fallen drastically. Kenya is expected to



Kenyan President Daniel arap Moi

run a balance of payments deficit of as much as \$1 billion this year. Per, capita income only about \$400 annually is declining

Mor put into effect drastic austerity measures including import restrictions and foreign exchange controls. Nonetheless the stores of Asian traders in Narrobi were still full of luxury imports available to the economic clite and the more blatantly corrupt members of Mors own government. Hence there was a strong streak of resentment behind the aborted rebellion. Warns one Nairobi businessman. Unless the government does something drastic to improve the situation all hell is going to break loose

Diplomatic analysts especially those in Washington, were still expressing relief last week at the Moi government's survival Among other things the Kenyan city of Mombasa is a strategic port of call for the U.S. Indian Occan fleet. Kenya gets \$79.5 million a year in military and cconomic aid from Washington and U.S. technicians are currently diedging Mombasa's harbor to make it a more effective base of operations for the Rapid Deployment Force Warns one US expert on Kenya We can take heart that the constitutional government restored order, but we can't blind ourselves to the economic problems. Neither can Mor But in his tough putdown of the rebellion he seemed to be signaling that Kenya's problems would be addressed by increasing authoritarianism By George Russell

Reported by Marsh Clark/Nairobi

Falling Short of the Summit

Gaddafi's frustrated bid for respectability

he gathering had long been bally hooed as a triumph for I ibya's radical Muammai Gaddafi his chance to gain the stamp of international respect that he has always longed to acquire. Instead, the 19th annual four-day summit meeting of the Organization of African Unity scheduled to begin last week in Tripoli was an embarrassing failure for the Libvan leader When Gaddafi's official green Chevrolet Caprice Classic rolled up in front of Tripoli's newly built Grand Hotel where dignitaries were quartered only 16 of Aftica's heads of state were present. That was fewer than half the O A U quorum of 34 leaders deemed necessary to make ma-Jor decisions. Among the decisions that the O A U could not make the scheduled passing on of the coveted chairmanship of the pan-African body to Gaddafi who craves the status and respectability that the title would confer

One of the heads of state who did not attend was the outgoing OAU chairman Kenyan President Daniel arap Moi who was preoccupied at home with the bloody aftermath of a failed coup attempt Many others stayed away because they simply could not abide the thought that | Libyan Leader Muammar Gaddafi

Gaddafi, who has meddled in the internal affairs of at least 22 other states, would take over the direction of their organization. The leaders deliberately boycotted hoping to block his accession

A more fundamental reason for the fi-



asco however was the deepest split in O A U history which was also at least in part because of Gaddati Tast Lebruary he and 25 other leaders of radical and leftleaning African states engineered the recognition of the self-styled Saharan Arab Democratic Republic (SADR) as the OAU s 51st member. That is the name used by the Polisario guerrillas in the Western Sahara

Since 1976 the Algerian-backed pucitillas have been engaged in a bitter desert war with King Hassan II of Morocco over a 100 000-sq -mi former Spanish possession. At least 19 moderate. African states were outraged at their organization's recophition of SADR which they claim violated OAU procedures. Their boycott was intended to prevent the new government from taking a chair at the meeting

At week's end Gaddati was still trying to find a way to make the formal summit take place. Failing that he may attempt to organize an emergency OAU meet ing probably in November at which he could take over the chairmanship. Meanwhile the mercurial strongman contented himself with haranguing the radical rump of 16 leaders who showed up in Tripoli (among them Marxists Samora Machel of Mozambique and Mengistu Haile Mariam of I thiopia) about the fact that their nongathering had been openly corrupted by who else? the Anierican colonialists

World

IRAQ

A Fifth of Scotch: \$300

Life in Baghdad and at the front as the Iranians attack



Antialreraft gunners on a Baghdad roof on guard against possible Iranian air attacks

Official optimism but private an vieties and fears of a fifth-column movement

For seven weeks TIMI Correspondent 1. Dean Brelis was stationed in Iraq reporting on the war with Iran and studying the mood of the nation as it fought to stave off the furious offensive launched by Ayatullah Ruhollah Khomeini Shortly after leaving last week for Amman the Jordanian capital Brelis filed his impressions of embattled Iraq

A tirst glance Baghdad could not seem safer. There are color photographs of President Saddam Hussem everywhere in the capital, his beaming countenance gazing reassuringly down on his countrymen. The state-controlled television news now broadcast in color projects the same kind of official optimism. True, there has been an unbroken series of military victories on the fighting front to lend credence to Saddam's leadership abilities. No one talks about what might happen if there were a reversal on the battlefield.

Yet the cost of the war is being felt here not because the Iragis are losing on the battlefield but because this nearly landlocked country is experiencing a severe economic pinch after 23 months of fighting. The vastly superior Iranian navy which the Avatullah Khomeini inherited from the late Shah has effectively sealed off the vital Shatt at Arab waterway. With the exception of military hard. ware which is flown in Iraq's supplies must arrive by land routes from Turkey Saudi Arabia and Jordan Result astronomical consumer prices. A quart bottle of drinking water costs \$25. If you are desperate for Scotch a fifth will cost you

\$300 One small tomato sells for \$12 After a mediocre meal in a Baghdad restautant the other night four foreign diplomats split the bill for \$1 015

Everyone in Baghdad corners people coming in from the southeastern city of Basta wanting to know what is happening near the front. The exodus of panicky Europeans from Basta has become a virtual flood, and the anxiety there about the future is reminiscent of the feeling in Iran during the Shah's last days.

If Khomeini's fanatical army breaks through the Iraqi lines and captures Basta the reverberations will shake all of Western I urope and Iapan According to one highly placed Western diplomatic source. The fall of Basta would bring the crash of the I rankfurt stock market. Every blue-chip company in West Germany has a big stake here. They have close to \$5 billion invested in development projects in Iraq. The Japanese also have \$5 billion staked on Saddam's survival France is not far behind. The US is in for just under \$1 billion.

Ultimately one must go to the fighting front to find out what is really happening there. The Iraqis have built hillocks topped with markers to show the way here an arrow-shaped stone, there a palm frond. To miss these is to wander into the extensive Iraqi minefields. Forcing the Iranians into those minefields is one secret of Iraq's success. At one point two miles from the international border the sand is littered with Iranian bodies as far as the eye can see when it is not squinting against the blowing sand. An

Iraqi bulldozei is pushing the corpses into a hastily dug burial ground. Pennants were found among the bodies reading NEXT STOP AN NAJAT the Shrite holy city in central Iraq where Khomeini spent 14 years in exile plotting the overthrow of the Shah.

I ive times the Iranians have tried and failed to break through to Basra. In these cruel battles they have lost more than 30 000 men to Iraqi troops that are trained and advised by French and British experts. On their last attempt, the Iranians threw five regular divisions and four brigades of Revolutionary Guards against the Iraqis.

ear a colonel's bunkered command post soldiers fill enipty shell casings with water from tank trucks. The sound of outgoing Iraqi artillery is constant there is little fire coming from the Iranian side. Some of the men sleep beneath slanting canvas hutches. Others spread carpets on the sand and pray toward Mecca. When one enemy round explodes several hundred vards away they continue their prayers without flinching. During the [last] battle—says the colonel with undisguised pride—they were in their tanks for 36 hours buttoned down all the time and tighting. I hat's why I m certain we will win.

Back in Basra. I talked to one of that city's leading citizens, a Sunni merchant He said he had no plans to leave although almost all foreigners have already fled and business has come to a standstill. He is counting on a cease-fire by the end of October although he agrees that the Iramians will not easily give up their dream of capturing Basra Most of the Iranians are members of the Shi itc sect of Islam and they want Basia he explains because they know the Shrites here will welcome them with open aims. The Shiites are not saying anything these days. They are waiting for the Iranian army to get here before they show their true feelings All the commanders at the first line of Iraq s land defenses are loyal members of Saddam's Baath Party, and the men they command all belong to the Sunni sect, the ancient rivals of the Shi'ites

Thirteen hours after my return to Baghdad a different kind of war hit the capital A bomb exploded inside the Ministry of Planning killing an unknown number of people and wounding scores. It was a professional job the explosives gutted all six stories of the building. The government has played down the explosion but such a terrorist strike in a city preparing to welcome the summit of nonaligned nations in September does not augur well for security. It also underlines the view of my friend the Basia merchant that the Shi'ites may not be as loyal to the Saddam government as we are told There are two fronts in Iraq today the battlefield in the desert and the Shi'ite fifth column in the cities waiting for Khomeini's forces to

Austerity Strikes Again

Fough cutback proposals bring down the Spadolini government

In what has become almost a tradition in Western Furope the bad news was presented to the public at the height of the summer vacation season in order to minimize the immediate outers of national pain. With millions of his countrymen at the beaches and in the mountains. Italian Prime Minister Giovanni Spadolini proclaimed a stringent austerity package and seeking to lend gravity to the occasion described the proposals as being of historic proportions. They were indeed but they also contained political dynamite with an unexpectedly

tian Democrat Deputies the so-called franchi tiratori or snipers who although ostensibly loyal to the government voted secretly against the measure. Under these conditions fumed Socialist Leader Bettino Craxi the country is literally ungovernable. Democracy is forced on its knees if powerful pressure groups can prevail over the will of Parliament and the general interest.

It was not the first time that the snipers on the back benches had sabotaged legislation by the Spadolini coalition but in the past the defeated measures usually with political leaders of all patties before offering the mandate to form a new government. By courtesy, the invitation usually goes to the previous Prime Minister in this case Spadolini, who as the first non Christian. Democrate to lead Italy since 1945 still enjoys a wide measure of respect in political circles and in the country at large.

Whether Spadolini succeeds himself or another leader emerges the controversial austerity measures remain as urgent as ever in a country that has been living beyond its means for too long. Over the years successive povernments in Rome have introduced austerity. Italian-style, and then gone on spending beyond their income as if the day of reckoning would never come. As a result inflation today is crackling along at 15% annually, the







Socialist Leader Bettino Craxi

Perilous politics, the bad news was announced to the public during the summer vacation to minimize the national outers

short fuse. Only five days after the big economic squeeze was announced seven. Socialist ministers resigned from Spadolini's 28-member coalition. Cabinet last week in a move that in effect felled his 13-month-old government. Italy's 41st since the war.

The angry Socialists walked out of the five-party coalition to protest the rejection by Parliament of one of the four decrees in the austerity program. The measure opposed by the oil industry was designed to curb tax evasion by tightening up fiscal controls on refiners and distributors of petroleum products. It seemed a small matter on which to bring down a government, but for the Socialists the defeat took on symbolic significance because it was brought about by 30 Chris-

were soon rewritten and passed on a vote of confidence. This time Craxi seemed to be deliberately seeking to force new elections some time in the autumn in the hope of increasing the Socialists 10°, share of the national vote. I incouraged by healthy. Socialist gains in recent local elections. Craxi has made no secret of his ambition to become Italy's first postwar. Socialist Prime Minister.

Asstunned as everyonc else by a political crisis in August Spadolini at week's endicalled a final two-hour meeting of his Cabinet, which formally dissolved the government. He then visited President Sandro Pertini, 85 to announce the decision Pertini, who opposes the holding of new elections two years ahead of schedule, is expected to confer this week.

highest rate among major industrialized countries. Spadolini knew he was risking the life of his government by admitting publicly that the country was headed for national bankrupter unless a lid was put on runaway public deficits. If the Prime Minister now without a government lost the gamble, he at least pointed the country in the right direction.

Italy is finally being forced to join a movement throughout the European Community to curb government spending and increase revenues at the cost of shrinking consumer purchasing power Last week Belgian Prime Minister Wilfried Martens center-right coalition in troduced an austerity budget containing what Martens called drastic cuts in public services and hikes in value added

taxes I ven West Germany still an economic powerhouse was forced in late June to raise \$3.3 billion through increases in taxes and cutbacks in social services after a bitter political battle that almost fractured Chancellor Helmut Schmidt's coalition of Social Democrats and Free Democrats. In France growing budget and trade deficits forced President François Mitterrand's Socialist government two weeks earlier to stop trying to swim against the cutback current. Devaluation of the franc was reinforced by a four-month wage-and-price freeze which is expected to bring a 2% drop in purchasing power the first such decline in 24 years

Not surprisingly the toughest squeezes were needed by Western Futope's biggest overspenders. Italy and Belgium whose budget deficits amount to 12.6% and 11.6% respectively of their gross national products compared with an average in the 44-member Organization for Economic Cooperation and Development of 4%. Italy's problem is particularly grim. For the first half of this year government spending was running at a rate that would bring a deficit of \$50.5 billion for 1982. \$14.5 billion more than foreseen. If nothing is done now the 1983 deficit could exceed. \$72 billion about 20% of the G.N.P.

As in I rance and Belgium attempts at austerity were greeted with hostility by labor unions and employers associations. Italy is three major unions have consistently rejected the government's yearlong effort to abolish the *scala mobile* a system whereby increases in workers salaries are automatically linked to the rise in the cost of living. Whoever takes over now must reckon with a confrontation with labor over the issue.

The Confederation of Italian Industry for its part has complained that high er turnover taxes and social security contributions will inevitably mean higher prices and production costs. Consumed demand is bound to decline say the employers along with the competitiveness of Italian goods on world markets. That is probably true. Nonetheless, it does not offset the government's urgent need to halt the heedless rush toward billowing public debts.

The dilemma is familiar enough to the OFCD's chief economist. Sylvia Ostry, who points out that in Western Europe the state takes on the obligation to provide both a comprehensive social insurance guarantee and a steadily rising standard of living. I hat was fine as long as economies grew fast enough to pay for it but as growth has slowed deficits have risen to intolerable levels. Ostry's solution is straightforward enough. What the state hath given the visible hand of the state must revoke. That will not be easy. It will require she says a perception of common interest among the social partners. The test is likely to be political. Italy last week -- By Frederick Painton. proved the point Reported by Walter Galling/Rome

SPAIN

Adolfo Suárez Breaks Away

Prime Minister Calvo-Sotelo's UCD suffers another shock

E ver since Prime Minister Leopoldo Calvo-Sotelo took office in early 1981 his Union of the Democratic Center party has been buffeted from both ends of the political spectrum. The very Cortes vote to approve his appointment was interrupted as right-wing army officers staged an abortive coup d etat. Then last spring the Socialist Party of Felipe Gonzalez won regional elections in Andalusia outpolling the UCD by a stunning margin of 52% to 13' Last week the faltering U (I) was reeling from another perhaps fatal shock former Prime Minister Adolfo Suarez's announcement that he was abandoning the UCD which he had founded in 1977 to form his own party, the Democratic and Social Center (C.D.S.)

Suarcz's move was not surprising. Major defections had so scriously croded the party's power that it seemed in danger of disintegrating before the next elections which must be held by March 1983 Suarez nursed the hope that he would be summoned back to rescue the party but his successors attempted instead to shore up their faltering position by a stopgap reorganization without his leadership Suarez's departure however has so thorough ly undermined Calvo-Sotelo and the party that the Prime Minister will almost cortainly have to call elections this fall. The expected result the virtually certain emergence of a Socialist government

Tong known to be troubled by the UCD's drift to the right under the lusterless Calvo-Sotelo Suarcz made his break because the UCD is now an impossible project. His new party bears a striking resemblance to the original UCD Sketching out a vague manifesto Suarcz called for a free-market economy and a society where all the rights and liberties are guaranteed. But he is most deeply worried about a dangerous left-

right polarization in Spanish politics a split he fears that could fundamentally threaten Spain's young democracy

Suarez has been privately critical of the government's unwillingness to crack down on reactionary elements in the military after the attempted coup last year. The charismatic Suarez won the respect of his countrymen, during the coup attempt by refusing to dive for cover when the Cortes was invaded. Our aim, he now says, is to present to the electorate a credible idea of a viable center in Spanish political life.

The new party has little chance of becoming a dominant force by election time. Indeed Suarez insists that he does not want to govern again, and he has fuled out a coalition with the Socialists before the elections. So fai the CDS war chest amounts to little more than \$1 million, pledged by a consortium of friends and UCD defectors. Says Suarez. We will campaign as long as we have the funds, and after that we will go around with our own spray cans.

Disclaimers aside Suarcz clearly hopes to play a pivotal role Currently the Socialists hold 119 seats in the 350-member Chamber of Deputies and they are expected to gain at least another 30 or so in the elections. That would put them within striking distance of the 176-seat majority needed to form a government. If the newly created CDS musters enough scats to help make up the difference and put the Socialists into office it could ward off a growing challenge from a right wing coalition led by Popular Alliance Leader Manuel Fraga Iribaine, a onetime minis ter under Francisco Franco. That apparently is Suarez's aim. The possibility of coalitions is a matter to be reckoned with after elections he said last week. The Socialist Party knows that it can count on our support and our respect if they win = # .



A deep concern that a left-right polarization could threaten Spain's young democracy

World



Union supporters singing hymns and flashing the victory sign in Powazki Cemetery

Ghostly Call for Defiance

Speaking on tape, a banned Solidarity leader urges resistance

flicially the ceremony marked the cent Tomb of the Unknown Soldier Oanniversary of the 1944 Warsaw uprising in which 245 000 Poles died trying to drive the Nazi occupiers out of their capital. But the Poles who filed through the near buch-lined paths of Warsaws Powazki Cemetery last week also had a message for their present rulers. Gathered at the base of a ten-foot-high monument to the Home Army the non-Communist resistance group that organized the 1944 revolt about 1 000 supporters of the suspended Solidarity union sang hymns ! raised their hands in V-for-victory signs and called for the liberation of I ech Walesa, the union leader who remains under detention in southeast Poland

the sandstone column. Just below the roy al Polish eagle that crowns the monument he placed a camouflaged box containing a tape recorder. I rom its speaker emerged the voice of Zbigniew Bujak 27 one of the union's most active underground leaders. Declared Bujak. We will continue our struggle for freedom and the independence of our motherland. It was a pointed reminder that the people had not abandoned their demands for greater freedom despite the recent liberation of some 1 200 detainees and a vague promise from Party Boss General Worciech Jaruselski that martial law might be lifted by The end of the year

There were other such reminders on that anniversary day In the early moining hours the authorities moved into Watsaws Victory Square and for the fifth time since May swept away the 40-ft flower cross that serves as a popular memorial to the late Stefan Cardinal Wyszynski By the time official military ceremonies began at noon at the adia-

Warsaw residents had already begun to rebuild their cross. While government delegations laid wreaths to the solemn beat of drums several hundred people gathered around the new cross praying flashing V signs and singing their own modified version of the national anthem. It includes such defiant lines as Lead us Walesa from the coast to Silesia. Push on to victory. Polish Solidari-The police removed the cross the next three days in a row

Iwo days after the rally in the cemetery a commentator in the party daily Irybuna Ludu recommended that Solidarity be declared a closed chapter, and Suddenly a young man shinnied up | called for new unions organized at the factory level that would be similar to and as powerless as those in effect before Solidarity's birth in August 1980

> There were signs last week of more active resistance in the future by Solidarity. A series of appeals, signed by Bujak and four other underground Solidarity leaders on July 28 began to circulate around the country. One set forth a twelve-point program for a resistance movement aimed at freeing the remaining detainees lifting martial law and reestablishing Solidarity Another called for making the union exceptionally visible between Aug 16 and 31 the second anniversary of the strikes that culminated in Solidarity's founding

Whether or not the Polish people dare respond to that call with widespread demonstrations, knowing that their jobs may be at stake they have already made it clear that they are resigned neither to martial law nor to the permanent end of | the democratic tenewal that swept their nation for 16 months

THE ALLIANCE

Pipeline (Contd.)

Britain bans the US ban

he decision was direct clear and legally binding Addressing Britain's House of Lords last week Lord Cockfield 65 Britain's Secretary of State for Trade ordered British-based companies not to comply with the U.S. Government's Soviet-pipeline embargo. Stressing that he did not wish to escalate the transatlantic dispute but was determined to defend British interests Cockheld told his fellow peers that the US attempt to block existing pipeline contracts was an unacceptable extension of American extraterritorial jurisdiction in a way repugnant in international law Said Cockfield. I had hoped that it would have been possible for an acceptable solution to be found for this problem. Despite strenuous efforts made by this government the American Administration has not responded

The US embargo which was first unveiled late last year and extended in June is explained by Washington as an attempt to bring about a relaxation of martial law in Poland. The ban forbids U.S. companies their foreign subsidiaries and all foreign licensees of U.S. technol. ogy to supply equipment to the Soviet Union for the planned 3 000-mile pipeline that is to deliver natural gas from Siberia to Western Europe. Last week's British ruling was the latest in a series of Western European pipeline protests that have deeply upset the Atlantic Ailiance In Brussels last week officials of the European Community prepared a protest note that will challenge the legality of the embargo and accuse the US of unacceptable interference in the Community saffairs Larlier both France and Italy had asked their companies to ignore the U.S. ban and honor pipeline contracts with the Soviet Union

Cockfield went a step further. Invoking a never before used law the 1980 Protection of Trading Interests Act he ordered British pipeline suppliers to

ignore the US ban and threatened them with prosecution and unspecined fines if they failed to fulfill contracts. Of the twelve British suppliers for the pipeline four arc vulnerable to U.S. pressure three are direct subsidiar ies of American companies the fourth John Brown Ingineering Itd is supplying 21-25 megawatt turbines made under Lord Cockfield US license Admitting he



was relieved that the decision had been made for him. John Brown schairman. Sir. John Mayhew-Sanders noted, We [now] have no option but to comply with the gov ernment's directive

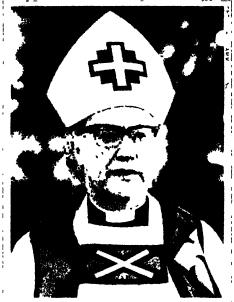
BRITAIN

Stormy Stanzas

No hai mony in a new anthem

The news confounded a nation where tradition does not yield easily Still flush with patriotic fervor after their victory in the Lalklands Britons learned last week that their national anthem God Save the Queen had been modified by a team of clergy and lay professionals who had decided that some chest-thumping passages should be rendered more Christian-like. Instead of imploring God to send her victorious happy and glorious long to reign over us. Church of England congregations were now expected to warble more feekless phrases like guard us in liberty bless us with unity save us from tyranny.

The 18 member board of revisionists who labored ten years over their book of 622 hymns hastened to reassure one and all that nobody would be forced to adopt the modernized stanzas. When the new volume Hymns for Ioday's Church is officially released at a gathering of the Church of England Synod this November it will carry both old and new versions Said one of the hymnal's editors the Revinichael Saward. We are only offering an alternative for anyone who wants to use it. If we were attempting a replacement for the national anthem, then it would be a



Archbishop of Canterbury Robert Runcie

different issue. Bishop Michael Baughen of Chester, who some years ago included guitar music and movies in his services to stimulate the faithful at All Souls. Church in Tondon's West Tind argued that the phrasing of hymns and anthems must keep pace with contemporary society. Old-fashioned language the explained does not help the worshiper to sense the vitality of the unchanging God as the God of today.

Perhaps so but not everyone was ready to accept the break with tradition Conservative M.P. Patrick Cormack complained that changing the forms of thee and thou to the more familiar you in the new version 'obliges us to refer to the Almighty as if we are referring to the man next door. I don't suppose the Queen will be any more amused than her illustrious ancestor Queen Victoria Both Buckingham Palace and Prime Minister Margaret Thatcher's office wisely kept their own counsel but I leet Street quickly joined in the chorus of criticism. Thundered the Daily Mail At a time when Britain is ripe [for] exaltation the Church of England gives us paste sandwiches [and] trendy guitar-playing parsons on motorbikes when we demand Messiahs and the roaring sound of trumpets

The altered-anthem flap embroiled the church hierarchy in another controversy just days after Archbishop of Canterbury Robert Runcic offended jingois tic sensibilities by failing at a St. Paul's memorial service to give thanks for the liberation of British subjects from Ar gentine invaders. On his return from a trip to Turkey last week Runcie shrewdly ducked more trouble by siding with the traditionalists in the anthemdispute. I shall continue to sing the old version he proclaimed. It has poetic character and seems to me one of the few hymns the whole nation can sing

WISI GERMANY

Leisure Time

The job is losing its myth

ost West Germans would not like to admit it publicly but according to the Leisure Research Institute in Hamburg the very people who once gloried in their reputation for industriousness and devotion to duty are beginning to find work as it ksome as most other folk. Professor Horst Opaschowski the head of the institute has just completed a study based on interviews with 2 400 West Germans that documents the national downgrading

of the daily grind. Until just eight years ago, says Opaschowski. West Germans, listed work as their top priority in life. I hen the slippage began. Opaschowski s latest survey shows that the job has now fallen to fourth place on the scale of what matters, after family, leisure, and friendship. In West Germany, he says, work has lost its myth.

In this loss Opaschowski perceives profound political and economic implications. Political parties and other institutions still speak a different language, he says. They only notice indirectly that a change is taking place because their members are leaving them. People

say that there is no room for the new

values in the established parties"

This he suggests explains the growing attraction held by the Greens, the ecological party, and another political protest group called the Alternative List.

There are socioeconomic consequences as well as leistic is glorified over work especially among the young West German life-styles are changing. Says Opaschowski. Germans are now making higher demands on the quality of their work and expect more out of life than mere work. Lifty percent of young Germans under 30 would rather have more time off than more money [compated with 37% for the population as a whole]. One result is that while most branches of the economy are stagnating or declining.

he population as a whole hat while most branches of re stagnating or declining.

The Creiman chowski openly to attractive leaders to attitude mit than work in relative notices work of body we he or so

West German family enjoying a day off in the sun Nobody will officially admit that leiving is more fun

the turnover in sports equipment entertainment and do-it-yourself home-improvement merchandise is continuing to rise strongly. To decelerate the flight into leisure. Opaschowski recommends programs by private enterprise unions and government to improve the quality of work. People want closer contacts at work and flexible working hours says the professor. Because people have more fun in their leisure, they expect more funat work. Another problem is how to make life more attractive for those not actively involved in the economy. Says Opaschowski. We must find for those 58°, who are not wage earners such as housewives new tasks and more recognition for what they are doing

The trouble is that most West Germans according to Opaschowski still do not like to confess openly that they find leisure more attractive than work thus political leaders have yet to react to what appears to be a sea change in public attitude. Nobody will officially admit that leisure is more fun than work he says. This explains why relatives continue to publish death notices praising the dedication to work of departed loved ones. Nobody would dare say publicly that he or she was a relaxed person Protestantism and puritanism are still deeply rooted in our bones Along with an itch these days to stay home from work

World



🅍 President Junius Jayawardene

SRELANKA

Sectarian Strife

And an island-wide emergency

I does not take much to trigger violence in the racially divided island republic of Sri Lanka. Two weeks ago in the city of Galle (pop. 72,700) located 72 miles southeast of Colombo, the capital at began innocuously a landlord tried to evict a difficult tenant. In no time at all, fists flew rumors spread and full-scale rioting erupted Before it was over two people were dead 65 were injured and 75 had been arrested. President Junius Javawardene declared a national state of emergency the third since he took power in 19 '7 and called out the 12 000-man army to keep the peace. Why did it happen? Because the landlord was a Muslim and the tenant a member of the mainly Buddhist Sinhalese majority

The Sinhalese-Muslim rift adds a new twist to the sectarian strife that has long plagued Sri Lanka's diverse population of approximately 15 million. Descended in part of immigrants from northern India the Sinhalese constitute about 74% of Sri Lanka's total population. Traditionally it has been the Tamils the country's other major racial group which makes up 18% of the populace with whom the Sinhalese have had their differences. Tanguage being one. In recent years, however, Sinhalese resentment has focused on the growing economic power of the island's Muslim minority.

Though Muslims are only 7.6% of Sri Lanka's population, they have assumed a highly visible place in the nation's political and economic Establishment. Muslims control the island's booming gem trade account for half the commodity exports and hold a dominant position in the growing tourist industry. More millionaires have come from their ranks in the past five years than from the other ethnic groups combined. During his tenure in office critics charge. Jayawardene, 75 has

gone out of his way to promote the interests of the Muslim minority in an effort to curry favor with the oil-rich states of the Middle Fast countries that already provide employment to 150 000 Sri Lankan migrant workers and from which layawardene hopes to attract more aid and investments.

At weeks end soldiers were still camped at Galle and the city though tense remained outwardly calm shops had reopened and curtew restrictions had been lifted Meantime many people regarded the state of emergency and rigorous press consorship as an overreaction Rumormongering they noted had replaced responsible journalism Javawar denc though may have felt trapped. After a brief period of prosperity early in his administration. Sri Lanka's economy has slumped, and so has the President's political support. Under those depressing circumstances a simple race not could easily balloon into a wider protest against the government. If past emergencies are any guide however the current crisis will be short-lived

PAPUA NEW GUINEA

Founding Father

Somare returns to power

in the calm of a tropical evening last week beside the garden swimming pool of Port Moresby's luxurious Islander Hotel the bare-chested writers served trays of cool drinks while white-uniformed chefs carved slabs of roast beef and lamb. It was a fitting end to a triumphal day for the gue t of honor. Michael Somare 46 resplendent in a pale blue shirt and dark blue sulu (skirt). Only hours earlier in Papua New Guinea's Parliament, the former teacher and journalist had completed a remarkable comeback. Nearly 25 years after he was ousted as his country's first leader by a no-confidence vote and five weeks after a hercely contested national election. Parhament had overwhelmingly confirmed him as Prime Minister

It took 21 days to poll all of Papua New Guinca's 23 million widely scattered voters. But once the votes were counted Somare's victory was never in doubt. The Chief is he is known, benefited from a strong founding-father image and from a deep crisis in Papua New Guinea's economy. In the end. Somare's Pangu Pati (Papua New Guinea United) Party) won 52 seats in the 109-seat National Parliament the largest single block Later Somarc paiched together an 1 absolute majority of 67 seats by wooing a another party and several independents. The previous government a five-party coalition headed by Sir Julius Chan 42 end ed up with 47 seats but lost seven when the United Party defected to Somare Chan's deputy the controversial highlander lambakey Okuk who gave away

\$43,000 worth of beer and pigs during the campaign, was not re-elected

Somare however may be unlucky in victory Papua New Guinea's economy is deteriorating dramatically, and the problems are not ones that even a popular Prime Minister can easily solve. The country's fortunes depend heavily on the export of basic commodities, particularly copper copia coffee and cocoa. Over the past two years world prices of all four items have plunged sharply more than 50% in the case of copia and coffee. Now despite the opening of a giant new sugar project and the development of smaller logging and tishing operations the nation's unemployment is tising fast. The economy is on the brink of disaster, said then Prime Minister Chan a month ago We are besieged by a world recession deeper and longer lasting than any in the past 50 years

While he tackles the economy Somare will also have to restore peace among the nation's primitive highland tribesmen. Since the election defeat of Okuk the region's self-styled outstanding son - running battles between opposing bands of angry tribal warriors, armed with stone age weapons, have resulted in at least five deaths and the destruction of 500 homes. Some highlanders, in a traditional display of grief, have cut off their own fingers and ears because of Okuk's election loss others have beaten up pollsters and invaded the homes of opponents to drill holes in their saucepans, a particularly telling form of revenge in the local culture. Somare acknowledged the growing difficulties last week. After predicting that at will take 18 months to rebuild the nation he told Parliament. We know there are dark and difficult days ahead But we will all face this together, and we shall overcome. Then to husband his strength before the legislature reconvenes in September, the Chief and his family are off next week for a 21-day cruise of the Pacific



Papua New Guinea's Michael Somare

There are dark and difficult days ahead

United States

Thunder on the Right

Conservatives of various stripes wonder if Reagan is a Reaganite



onald Reagan's Administration has always been the object of invective from the left and it always will be Reagan is after all the most conscivative President elected in the past half-century. But throughout his long march to the presidency Reagan had the unfailing loyalty and visceral support of two overlapping constituencies the morally righteous. New Right and the fiscally indignant Old Right. But increasingly Reagan's zealous supporters feel be traved by the Administration of not quite yet by the Pjesident himself.

Their festering disillusion crupted last week into outright revolt. The immediate cause was the ongoing congressional light over a proposed bill strongly supported by the President to raise taxes by \$98.9 billion over the next three years. The battle lines were drawn with special clarity on Wednesday first at a series of no-non-sense meetings at the White House between Reagan and G-O-P congressional leaders, and then at an evening strategy session attended by a disparate array of discontented conservatives.

Only too aware of the rumblings. Reagan endeavored to shore up his right flank. Speaking in Hartford to a convention of the Knights of Columbus, the Roman Catholic fraternal organization, he reaffirmed his support for constitutional amendments that would outlaw abortion and permit group prayer in public schools. Said Reagan to a standing ova-

tion. This national tragedy of abortion of demand must end

Yet his expressions of solidarity on those social issues no matter how heart-tell probably will not appease the far right after 19 months of soothing presidential thetoric it is impatient for action on its social agenda. Nor did Reapan, despite private appeals for lovalty mollify his tax-hike opponents. Indeed, the tax battle is now forging a rate rebellious alliance among the New Right congressional Republicans and conservative businessmen. Says one White House advisor. I have never seen such animosity from our constituent groups.

On Capitol Hill Reagan's emerging nemesis is Republican Congressman Jack Kemp, the ardent supply-sider who was a main designer of the Administration's three-year 25% income tax cut passed a year ago. Kemp, insists that he is not against Reagan himself or his policies overall only the President's abandonment of tax-cutting supply-side doctrine. The smooth good-looking lawmaker is trying to stir up opposition to the tax plan both in Congres, and among outside lobbyists.

Reagan invited Kemp to the White House last Wednesday afternoon. They talked in the Oval Office for 20 minutes. The President argued that the tax increase is a compromise necessary to win further congressional budget cuts. This said Reagan is the price we've got to pay. Kemp was unconvinced. 'The price

is too high. I didn't come to Washington he said, quoting with deliberate irons a Reagan line from April - to raise taxes.

Reagan and the unbudging Kemp were then joined by the entire G O P congressional leadership. Among them was Nevada Senator Paul Laxalt, a conservative and Reagan's closest friend on the Hill Said Laxalt of the House defectors. You're not loval to the President unless you support the tax bill. Wait a minute said. Kemp, who has presidential ambitions, you don't have to be disloval to the President to oppose the jay increase.

Iwo hours after he left the White House Kemp was huddling with an unusual group of 30 conservative movers and shakers in a hired conference room in a building near Capitol Hill. A surprising participant Lyn Nofziger until last January chief White House political adviser and a staunch Reagan loyalist. There too were three other estranged Administration officials former Assistant Treasury Secretary Paul Craig Roberts former Treasury Under Secretary Norman Ture and former Director of Policy Development Martin Anderson Direct-Mail Mogul Richard Viguerie publisher of the New Right Conservative Digest and Conservative Caucus President Howard Phillips were probably the most thoroughly disenchanted erstwhile Reaganites Neoconservative Intellectual Irving Kristol came as did PepsiCo Chairman Don Kendall and Richard Lesher, the dapper

steely president of the U.S. Chamber of Commerce Also on hand were two freshman Senators and five members of the House

Kemp presided over a two-hour discussion. Letter writing and rank-and-file pressure on Congress, the group decided would be the principal factics. The rich (1982 receipts \$4 million) National Conscrivative Political Action Committee will send letters to every Congressman reminding each of the organization's campaign-funding clout. Viguerie will use the

some of Reagan's conservative instincts. And one White House adviser admits that the New Right is partly correct about Reagan's decision to support new taxes. The President he says didn't fully understand the bill.

Perhaps the most extraordinary broadside against the Administration is last month's issue of Viguerie's Conservative Digest which is a 48-page pastiche of disgruntlement with Reagan Telltale signs of the Administration's leftist drift are spotted everywhere I or instance

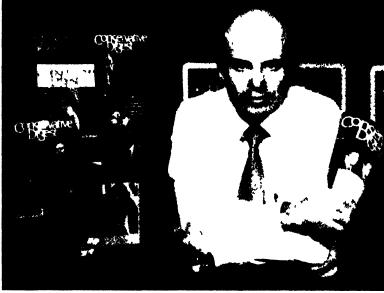
there' claims Viguerie and until now they haven t had a focus for that feeling. The White House however insists that there is not any great sense out there of philosophical betrayal. The right-wing attacks says a senior presidential aide are coming only from a few professional New Right rabble-rousers and fund raisers.

You can never satisfy those types' According to White House Pollster Richard Wirthlin only 6' of voters agree fully with the New Right agenda

Kevin Phillips a conservative ana-







New Right Publisher Richard Viguerie is thoroughly upset with Reagan

mail to deputize as lobbyists 4 500 conservatives outside Washington. The group agreed however to walk that fine perhaps imaginary line between disagreement with and disloyalty to the President Insists. Supply-Side Apostle Roberts. There were more Reaganites in that from than there are in the Administration and ten times as many as there are in the White House. One from that from however, had a hasty change of heart. Nofziger after a chat with Reagan, was by Saturday temporarily back in the White House to help get the tax bill passed.

t is the supposedly fake Reaganites around the Oval Office who are blamed by the right wing for diluting the pure potent philosophies of Candidate Reagan Reagan has clearly changed Viguetic says. You just see him moving off to the left on issue after issue. The people who are doing this Ito himl are basically Fastern Big Business Republicans The main liberalizing Rasputin White House Chief of Staff James Baker His Iexas origins do not make up for his Princeton education, and even worse is his management of two presidential campaigns. Gerald Lord's in 1976 and Vice President Geo ge Bush's in 1980

The New Right believes that Reagan was conned into supporting the tax increases by the pragmatists a pejorative--who surround him Indeed Baker and other moderate aides have tempered

most guests at Reagan White House state dinners are oldtime movie-star friends of the tirst couple or liberal niedia bigwigs or Big Business establishmentarians like Citicorp Chairman Walter Wriston There is a 40-item catalogue of major New Right grievances. Among them that Reagan signed the extension of the Voting Rights. Act and okaved the removal of tax-exempt status for private schools proved to practice racial discrimination that U.S. emissaries have held talks with officials of Cuba and Angola, and that the President, has failed to identify the opponent as the Liberal Establishment.

Most disappointing to the New Right is that Reagan has not devoted much political capital to the various pro-life and prayer bills in Congress. There is so much that he has promised but that he hasn t done complains Connaught Marshner an organizer of last month's Moral Majority sponsored Lamily Forum II in Washington She has heard for long enough that the economy is the problem and these (social) issues are going to have to be on the back burner. In fact these issues are now moving to the front burner two pending measures to restrict or outlaw abortion, one of them a constitutional amendment will probably reach the Senate floor this month, and a constitutional amendment to permit group prayers in public schools may also soon come to a vote

Conservatives are quite upset out

lyst predicted the current right-wing rupture in his new book. Post-Conservative Imerica The Reagan electorate he writes is an extremely unusual Republican constituency - since it comprises two nontraditionally GOP factions a broad swath of working-class voters as well as the smaller messianic New Right Because the deep appeal for the New Right was Reagan's impossible amalgam of various nostalgias and backwardlooking vistas, and a desire for bold measures the presidential task of successfully fulfilling such electoral hopes is likely to be difficult. Hence. Phillips writes. Reagan's coalition is most probably unstable

The swing voters in that coalition were blue-collar workers who straved from the Democratic fold. To them, economic recovery by whatever means is far more important than keeping the ideological faith. If this deficit keeps ballooning says a presidential adviser—the political losses we will suffer will make the political losses. from raising taxes look like nothing. Inorder to fend off wholesale electoral trouble Reagan will keep pushing for new taxcs in an effort to reduce deficits and steady the economy. He will have to endure right wing carping but political logic is with him Says a White House strategist. The hard right has nowhere to go. Business has nowhere to go either. The blue-collar voters do By Kurt Andersen Reported by Neil MacNell and John F. Stacks/Washington

United States

Very Down on the Farm

The President goes to Iowa, bearing good cheer

week was picture perfect. Alighting from the U.S. Marine helicopter in sweltering 90 heat Ronald Reagan strode across the front vard of Dee's 500 acre hog farm in central Iowa and shook hands with his smiling host. The President headed for the farmyard where he gingerly scratched the ear of Shank an 800-lb boar freshly scrubbed for the occasion Then he and his Agriculture Secretary John Block perched themselves on a pic-

A s presidential fence-mending trips go | year, making 1982 the third dismal annu-the visit to Donald Dee's place last | al showing in a row Says Thomas Urban president of Pioneer Hi-Brod International a Des Moines based seed company

There is nothing for the farmer to be feeling good about

This may still be the case despite the White House announcement, three days before the Iowa visit that the President was extending for one year the grain supply agreement with the Soviet Union that is due to expire this September. Speaking last week to some 5 000 members of the

Reagan pointing to Shank, an 800-lb. boar, as his lowa hosts look on

Squeezed by rising costs, falling prices, and facing the bleakest year in decades

nic table and chatted amiably with a group of 40 farmers, all of whom had voted for their guest in 1980. The President sipped lemonade spooned into homemade peach ice cream and drew hearty laughs with vintage Reagan storytelling

His hosts surely needed the cheering up America's 24 million farmers are struggling to survive the worst slump since the Depression caught in a vise of rising costs and falling prices. Though they are expected to chalk up near record crops of wheat (73.8 million metric tons) and corn (208 million metric tons) this year the silo-busting harvests will only push low prices even lower. Since 1975 as farm expenses have nearly doubled (from \$75.9 billion to \$141.5 billion) net farm income has fallen. Profits, which declined from \$32.7 billion in 1979 to \$22.9 billion last year may dip as low as \$16 billion this | over the next year. The USSR has just

National Corn Growers Association and their guests in Des Moines, assembled in the half-filled Veterans Memorial Auditorium Reagan proclaimed 'The granary door is open and the exchange will be cash on the barrelhead

Despite the predictable applause Midwest farmers would have much preferred a new long-term pact with Moscow that would guarantee sales over several years and assure them of a buyer for their bulging surpluses. Reagan's decision clearly left most of them disappointed The extension permits the Soviet Union to buy a minimum of 6 million tons of corn and wheat but requires further consultation between Washington and Moscow for a deal of more than 8 million tons Larmers believe that the US could easily sell Moscow as much as 23 million tons

suffered its fourth bad harvest in a row, the US Agriculture Department estimates that this year's Soviet crop will be a' disappointing 170 million metric tons, 68 million tons below the goal. The department also predicts that the Soviets will be forced to import 46 million tons this year, at a cost of \$6 billion

Surferted with some 100 million surplus tons of grain, US farmers bewail the missed opportunities. It's a little like spitting in the ocean - complains Robert Delano president of the American Larm Bureau Lederation We have simply invited the Soviet Union to shop elsewhere to fill in its shortages. Says Republican Senator Charles Grassley of Iowa This extension is great news for Argentine Australian Canadian and European farmers

The extension was an understandable compromise between domestic political pressure from the farmlands and foreign policy concerns Though President Reagan had lifted in April 1981 the partial embargo on grain sales that had been inc tiated by Jimmy Carter after the Soviet invasion of Afghanistan he also abruptly cut off talks for a new multivear grain deal with Moscow after martial law was imposed in Poland last December Since the military crackdown in Poland is still in effect and European allies are squawking about U.S. opposition to helping build the Soviet natural gas pipeline. Reagancould hardly strike a long-term grain pact with the Soviet Union at this time

I ven if he had done so the immediate effect on grain prices would have been negligible unless the Soviets had signed on for astronomical amounts of grain. The farmers central problem is that bumper crops and record surpluses have put grain. prices at dismal lows. In Kansas, where , farmers have just harvested a record wheat crop of 440 million buigrain is selling at a meager \$3.65 per bull down from \$4.05 a year ago and from over \$5 in 1973 In Oklahoma where wheat is selling at \$3.20 per bu farmers invest nearly \$6 to harvest each bushel. These are the mathematics of desperation. The farmer's got his livelihood tied up in a crop he can t sell said Mike Kubicek executive director of the state's wheat commission. He can't produce it for \$6 sell it for \$3 and say he's had a wonderful crop. He's going to have to bite the bullet for the third straight year and borrow again against the equity in his land

f he can borrow that is Interest rates now hover around $17^{i}\epsilon$ and many simply cannot afford to take out another loan American farmers were \$200 billion in debt this spring which is more than twice as much red ink as in 1975. Younger farmers as well as farmers who borrowed heavily over the past decade to expand their operations, have been especially hard hit by high rates Farmlands which once served as attractive loan collateral are falling in value and thus many com-



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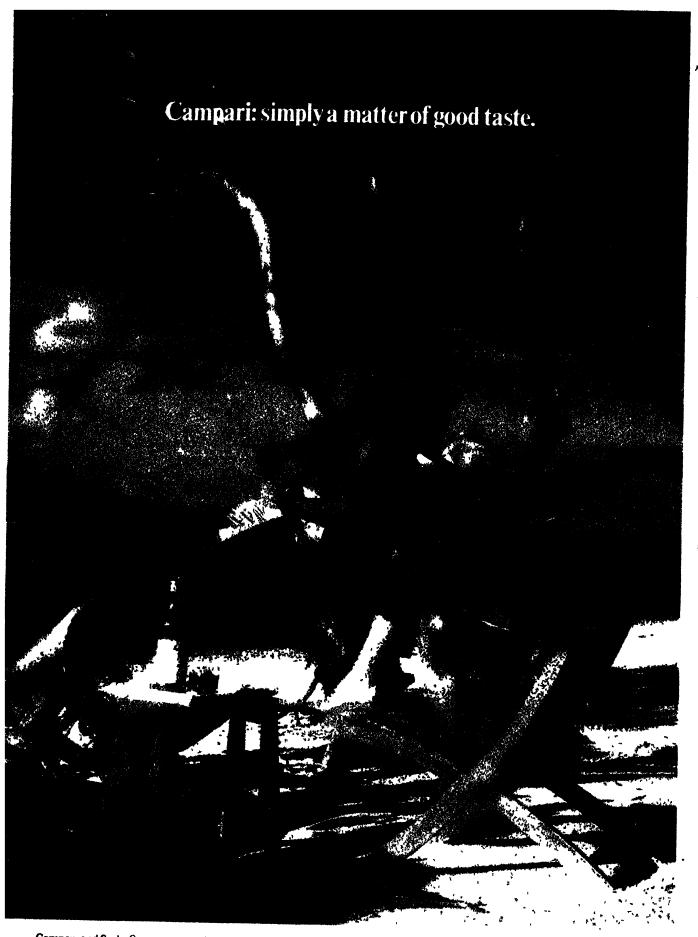
Hertz rents Fords and other fine cars

I ne airline with the most modern fleet in the world, still believes in the romance of travel.



1

SINGAPORE ARRINES



Campari and Soda Campari, ice and a splash of soda to taste Negroni 1/3 Campari, 1/3 Gin, 1/3 Red Vermouth, Ice Shake then Strain into cricktail glass. Add slice of orange Americano 1/2 Campari, 1/2 Red Vermouth. A squeeze of lemon rind, cracked ice

mercial banks no longer view farmers as worthy risks. In the past ten years commercial bank participation in farm debt has dropped from 57% to 41%. Taking up the slack somewhat US Government lending institutions have increased nonmortgage farm loans from 14% to 31% during the same period

Bankruptcies among farmers are creeping upward the Farm Credit Administration liquidated 1 024 of the 650,000 loans during the first quarter of 1982 almost double the number in 1981 Manufacturers of farm machinery are directly affected International Harvester expects to lose \$1 billion this year, and Caterpillar Tractor Co has laid off 17 500 of its 52 700 U.S. workers, including 8 000 in June alone. Other sufferers are the fertilizer companies whose sales are off sharply for the first time in seven years

N of all farmers are hurting equally Grain farmers are in the worst shape corn producers are even worse off than wheat growers because there is less demand abroad for their crop. Those who raise hops and cattle are doing relatively better thanks to climbing meat prices and ironically for grain growers, the lowcost of feed. Dairymen, who make up only 13' of all farmers are faring best of all since Washington buys up nearly all of their surplus products, last year the Federal Government paid out more than \$2 billion in dairy price supports

Not surprisingly therefore the political picture in the Midwest is not as bleak for Reagan as it might be. Moreover farmers tend to be conservative politically and well inclined toward Reagan's politics. Even those who disagree with his policies tend to admire the President's personal style and doubt that they will readily abandon him. I don't blame Reaganomics or anything the President has done 'says John Ed Tarkington 36 who raises rice and soybeans on his 1 900 acre farm near Almyra Atk. We are at the mercy of the market Indeed many farmers still seem willing to give Reagan more time to turn the economy around with his policies

The question is how much time. As Bob Keir, a wheat grower in Altus Oklaand lifelong Democrat, puts it 1 ll admit our problems didn't start with Reagan But farmers just couldn't be worse off than they are now. If things don't change the farm economy will certainly be an issue in two more years

For their part, the Democrats are betting on more like two months than two years With the November elections looming, five incumbent Republican Dovernors in the Midwest are stepping down this year and Democratic leaders are looking to win the statehouses in Minnesota Nebraska, Iowa and Illinois They also expect to pick up at least several congressional seats in the region. That is one Midwest harvest that has the Republican Party especially worried --- By James Kelly. Reported by Gisela Bolte/Washington and Christopher Ogden/Chicago

The Presidency/Hugh Sidey

Close to Power, Down to Earth

is life is filled with pomp and ceremony but George Bush still seeks pleasure and meaning in the little things. He remembers vividly a late snowstorm in Maine when newly arrived robins crowded one another for peanut-butter spread on a shingle. He was just as fascinated last week when his cocker spaniel C. Fred treed a raccoon outside the Bush home on Observatory Hill in Washington

Bush and his wife Barbara often stroll in the evenings around the stately old house that is now established as the Vice President's residence. He has dropped in on a neighbor. Astronomer Varkey Kallarakal, who helps man the Navy's 26in refracting telescope, and taken a long look at Saturn's rings

The Vice President recalls in chilling clarity the bare arm of Roy Benavidez, belatedly awarded the Medal of Honor last year for heroism in Viet Nam. In Texas last week the former sergeant told him the scar came from a Vietnamese bayonet thrust

On his constant forays across the country, Bush is always gratified by the diversity he sees and hears. Within a three-week span this spring, he celebrated with Greek Americans attended a Ukrainian festival and went on to meet with labor leaders and capitalists, Westerners and Lasterners. He was in Pittsburgh not long ago the same day the steel plants laid off more workers. He went with trepidation into a mill only to be greeted by a big warm handshake from a smiling man in a hard hat pasted with a US flag decal, cracked and peeling but, like



The Vice President relaxing with C. Fred

Some of the most moving moments have come in the intimate talks that he has with President Reagan in the Oval Office The two are by themselves They feel history They have talked of life and death, of philosophy and religion Bush will say no more It is too personal. He has become intrigued with Reagan's unfailing kindness and courtesy, which he believes he at the heart of the President's continued popularity Bush is reminded of his mother Dorothy, 81, the Bush

clan's matriarch, who is also known for her generous nature. Reagan, insists Bush understands better than most people in public life that a leader does not have to brutalize a person of strip him of dignity to get a point across

Bush has not changed his views of history because of his vantage point inside the White House But some ideas have been enlarged. The Vice President has noticed a greater depth of feeling about Abraham I incoln than he had sensed before Seated beside a woman from India at a recent dinner in the White House, Bush was startled when she talked about "the beauty" in the painting of I incoln over the mantle and how Lincoln looked different in that picture at that moment than she had imagined all her life

The love that I atm America still holds for John Kennedy is beyond Bush's original calculations. History may show that Kennedy did little for the region in his brief time in office. But his Alliance for Progress was a statement that the U.S. cared Sometimes believes Bush that is all that we can do and all that is needed

The images in Bush's mind that have piled up in more than 200 000 miles of jetting are dominated by children. More than ever he believes that they are why he is in government and that they are at the heart of what this nation craves sound individual values family solidity, strong neighborhoods, one nation under God At the Air Force Academy graduation in May he got a lump in his throat The young people were going off with unrestrained joy to serve the nation Their parents sent them with love and deep pride. This is no corny illusion in Bush's view. It is more of America than anything else

George Bush has seen nothing in 18 months as Vice President to rival the beauty of the bluebonnets that cloak the Texas hills in June or the autumn colors in New England These hot days he yearns for the surge of the Maine surf, and now and then he takes a picture of his Maine home out of the top left drawer of his desk and looks at the rocky promontory and the blue ocean. His proximity to power has not taken the poetry out of his life. Perhaps that is why he has become something of a legend, a Vice President who likes his job

United States

Freeze Gets the Cold Shoulder

In the House, the Administration's START policy prevails

The timing was both fitting and macabic Last Thursday the US detonated a nuclear bomb in the 20 to 150 kiloton. class under the desert of Yucca Flat Nev The test blast was the eleventh this year but it came on the eve of the 37th anniver sary of the atomic bombing of Hiroshima and on the day the US grass roots nucle ar-freeze movement faced its first real test of political strength

The weapons test was a success, the freeze movement suffered a setback though not by much. In a 204 to-202 vote. the House of Representatives endorsed an Administration-backed resolution that supports nuclear arms reduction in theory but shies away from backing a policy of

ate free 'e on his return to Washington, he placed last minute calls to try to persuade undecided members

The Administration's argument was already well known, however, the Soviet Union has the edge in nuclear superiority and a freeze would favor the enemy. If we freeze now declared Representative Henry Hyde Republican of Illinois at s like freezing with their hands at our throat. If the Zablocki resolution passes warned New York Republican Jack Kemp vou can just tell the negotiators in Creneva to pack their bags and come home.

The Administration's resolution sponsored by Michigan Republican Wil-



Speaker O'Neill, flanked by supporters, at Capitol press conference prior to vote Competing resolutions with different atomic-age philosophics come to a showdown

freezing US and USSR arsenals at present levels, as proposed by the competing resolution of Wisconsin Democratic Congressman Clement Zablocki While purely advisory in nature, the vote was regarded in Washington as a symbolic test of support for the President and his policies

With that at stake the Administration trotted into position its biggest guns Lugene Rostow director of the Arms Control and Disarmament Agency briefed Republicans in the House Secretary of State George Shultz and National Security Advisci William Clark lobbied individual Congressmen, and Secretary of Defense Caspar Weinberger trekked to the Hill to buttonhole members. From 1 Switzerland, refifed General Ed Rowny chief US negotiator at the recently begun Strategic Arms Reduction Talks (START) in Geneval telephoned key Congressmen And the President chipped in In an address to the Knights of Columbus in Hart 1 ford Conn. Reagan attacked an immediham Broomfield supports the START negotiations and urges the U.S. and the Sovict Union to reach an agreement to freeze nuclear weapons at lequal and substantially reduced levels. But backers of the Zablocki resolution argued that Washington and Moscow are already roughly equal in nuclear arms and that a delay in freezing the arms race only increases the chance of nuclear war. Said New York Democratic Congressman Icar Downey of the Administration's approach. That's a Hollywood freeze. It's not a real freeze

he last word before the vote belonged The last word ocioic die sold to Speaker Tip O Neill who related how as a young Congressman in 1953 he had witnessed two nuclear explosions on test sites in Nevada. But that personalized testimony seemed not to sway many votes. On the contrary by week's end some supporters of an immediate freeze were blaming the narrow loss on the failute of the House Democratic leadership to endorse formally the Zablocki measure

Undeterred freeze advocates vowed to press on The Nuclear Weapons Freeze Campaign says that it now plans to target individual Congressmen for defeat in November One of its targets could be obscure Pennsylvania Congressman Lawrence Coughlin, who switched his vote in a last-minute confusion and actually broke a 202-to 202 deadlock. Coughlin seemed unimpressed by his moment in the limclight Said he. What we pass in Congress fon this issuel doesn't mean an awful lot. But for the time being at least last week's vote was the end of the freeze movement's efforts in the House

Twilight Zone

Balanced-budget politics

emocratic Senator Robert Byrd of Dwest Virginia the minority leader for weeks had been criticizing the proposed constitutional amendment that would require a balanced federal budget Republican Senator John Tower of Texas told colleagues he would try to pressure his state legislators back home into not tatifying it Ninety nine percent of us have doubts said Minnesota Republican Senator David Durenberger 1 don't know if it will work

But when the Senate last week east a suspenseful roll call vote on the amendment Byrd Tower and Durenberger all voted for it. They were far from alone in saving ave to a measure they privately opposed. If we were voting in a dark room declared Republican Senator William Cohen of Maine one of only seven Republicans to go against the measure it might get six votes. But in the spotlight last week the amendment got 69 two more than the required two-thirds m yority. Iwenty-two of the Senate's 46 Democrats joined 47 Republicans cheered on by the White House to fashion the win

In a sense, the Schate voted to put off until tomorrow what Congress and the White House cannot bring themselves to do today balancing the budget Byrd for instance who faces a difficult re-election in November waited until he saw that his own vote would not be decisive before he took the politically expedient course of adding his approval. Such election-year maneuverings helped provide a victory for President Reagan who had championed the amendment despite his own inability to propose anything remotely resembling a balanced budget

The President nonetheless praised Congress for resisting special-interest pressure for still more red-ink spending Republican Cohen saw the matter differently. He compared the conservatives who had supported the amendment, only daws after voting for new spending projects in their home states, to St. Augustine who had prayed Dear Lord give me

chastity—but not just yet

The favorable Senate vote had been forged mainly by Utah's conservative Republican Orim Hatch Majority Leader Howard Baker and South Carolina Reimblican Strom Thurmond But an unexpected last minute hitch developed when Colorado Republican William Armstrong proposed a requirement that the legal cellthe on the national debt could be lifted only by a three-fifths majority in each chamber of Congress. The requirement was tacked on to the amendment, thanks to the mischicvous support of many Democtats. They viewed the Armstrong addition as yet another clearly frivolous requirement that should not be embedded in the Constitution. But they found it useful as a way of rendering the whole amendment less politically attractive and more intellectually absurd. An angry and worried Hatch agreed warning. Conservatives who have fought for the balanced-* budget amendment for 25 years may have + now done themselves in

That propnosis might yet prove true in the House, where the Democratic leadership is trying to keep it bottled up in the Judiciary Committee. A petition to send the proposal to the House floor has been stalled at 184 signatures, 34 short of the required, 218. But it Senate passage of the amendment does pressure the House to produce something the lower chamber is unlikely to include the debt-ceiling provision, might exempt Social Security funding from any budget balancing requirement and might stitch in a new loophole of two to make the amendment effectively powerless.

Whatever finally emerges from a House-Senate conference to resolve differences would still have to be ratified by 38 state legislatures. That route should take at least four years. Perhaps much longer experts predict that the first victim of a forced balanced budget in a recession would probably be federal aid to the states. As one of the Senators who east a evincal vote for the amendment told a colleague last week. Thank God, my state legislature will never ratify this thing.



Senators Thurmond and Hatch after victory Much like St. Augustine not quite reads

Labor's Love

The AFL-CIO plots a strategy



Kirkland avoiding a repeat of '80

I organized labor is openly hostile to the policies of Ronald Reagan in the midst of 1982's record unemployment, which last week reached a new 41-year high of 9.8% it was not particularly happy with Immy Carter in the White House either In 1980 Carter got labors nod but after the election. All CIO President Lanckfikland urged that his federation change its political approach to avoid facing a choice between Dracula and Frankenstein. Last week the All CIO moved to prevent a horror show in 1984.

Meeting in New York City the 15 million member federation's executive council unanimously pproved an ambitious but potentially risky plan to endorse a presidential candidate as early as December 1983. This is before the primaries get under way and is a dramatic repudiation of organized labor's traditional habit of remaining politically neutral until the national conventions nominate candidates. The change would must a 1984 collapse of labor unity. In the last general election, 44% of union voters picked. Reagan, despite, their leaders endorsement of Carter.

Under the new plan, the 311-Clos 99 affiliated unions will collectively endorse a presidential candidate of two thirds can agree Given labor's current woes the choice will probably be a Democrat However if an acceptable Republican emerges a separate GOP endorsement may be made. One problem with this scheme the early endorsement could help a front runner who might fade in the stretch, Massachusetts Schator, Ted Kennedy currently leads the parade followed by former Vice President Walter Mondale Senator Gary Hart of Colorado invited to address the New York meeting was worried that the plan discriminates a little bit against those of us who are socalled new faces

Kirkland argued that if labor leaders

waited until several key primaries had taken place they would be surrendering before we have a chance to have a go at it. Still even union officials who like the idea admit that there is no guarantce that an AH-CIO endorsement will bind every local. I can't stand here and tell you that no one will jump the traces said William Winpisinger president of the machinists Nonetheless union officials believe that Reaganomics will provide reason enough to keep everyone in line. Recent polls indicate that union members who voted for Rearan in 1980 are growing unhappy with the Administration A Harris poll taken in July showed support for the President among union members sagging at 33% down from 48% a year ago.

Beach Battles

Hitting back at Glen Cove

Leafl started when the people of Glen Cove N Y (pop 25 000) read a news report stating that the local 36 acre week end estate owned by the Soviet U N Mission was being used for electronic caves dropping on the area's detense and high technologs industries. The fown council led by Mayor Alan Parente voted to ban the Soviet diplomats from Glen Cove's beaches tennis courts and golf course. The council members were also upset over the Soviets diplomatic immunity since it meant a loss to the town of some \$75,000 annually in property taxes on the estate.

Last week the Soviets struck back They barred American diplomats from bathing at Nikolina Gora beach, an hour's drive west of Moscow on the Moskya River. It is unfortunate that the Sovict government has taken this position. said Mayor Parente but I will have no further comment until I meet with the State Department - Talks between Glen-Cove and Loggs Bottom officials were scheduled for next week. Complained State Department Spokesman Alan Romberg as much to Moscow as to Mayor Parente. The US Government is make ing every effort to have the prohibition by the Glen Cove authorities lifted

The US seems to have got the better of the beach battle. The Soviet beach in question is a fly ridden middy stretch usually avoided by Americans. The Yanks prefer the posher facilities on the Khasma River near their weekend retreat at Tarasovka. 15 miles north of the capital. Not only that but Moseow's retaliation failed to include the local terms courts, where US diplomats are still happily batting away there is no golf course in Moseow from which US diplomats can be banned.

Still Glen Cove may not have heard the last of the USSR As a State Department official put it. The Soviets are very thin skinned about this They think they are a great power and they don't like getting pushed around. But neither does the decidedly minor world power of Glen Cove.

Law

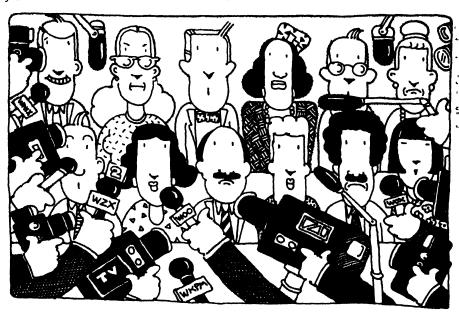
The Juror as Celebrity

Does postverdict press scrutiny prevent abuses or create them?

Last April before the trial began, the federal prosecutor warned that the just tors in the case would become celebrities of a sort. And after they decided that John Hinckley was not guilty by reason of insanity. The twelve Washington men and women were indeed pinioned in the spotlight of press attention. Reporters and I.V. crews were waiting when they arrived home. Several found the coverage so noisome that they temporarily moved out. Two others took the opportunity to complain publicly that they had been pressured into agreeing to the verdict. Lager journalists flew one of them to New York.

calls after announcing their verdict. In Atlanta, those sitting on the case of Accused Killer Wayne Williams promised one another not to talk to the press. Explains one. We didn't want harassment when it was all over

But vowing to keep mum may not stop the harassment. I ocal papers will often assign a feam of four or five reporters to badger jurors in the first days after a trial Says, the New York Post's combative Steve Dunleavy. I love to get inside a jurors head. Anthea Frankl sat on the White Plains N.Y. murder trial growing out of the Stouffer's Inn fire that killed 26



City and Boston for TV shows Recalls Juror Maryland Copcin. I did just about every radio show there is I didn't know there were so many of them.

The experience of the Hinckley jurors may have been welcome to some and un welcome to others. But it was not unique Citizens chosen to serve in major trials these days may be well advised to pack some Pan-Cake makeup along with their toothbrushes for much of the global vil lage is likely to be looking in A Massachusetts lawyer tells the story of some women who were upset when an extended court session forced them to miss hardresser appointments they had scheduled because of the TV coverage. Jurors judging Convict Author Jack Henry Abbott received hate

*Last week Hinckle—ind his fawvers declared that thay did not miend in this week's scheduled commitment hearing to seek his rele is from \$1.1b is boths. Hospital in Washington, Doctors there have told the judge that Hinckley is still insane, and a dan ger to hinself and others. He is cutified to a new hearing in six months.

business executives. She saw so many newspeople that she began to rate them from the New York. *Times* (totally ethical) to a local Westchester County. N.Y paper that printed a significant error although she had warned the n of it.

Jurors sometimes have their own reasons for talking. Money is one. When journalists declined to pay a fee to one. Hinckley juror, her husband complained. Why should she spend her time so you can make money on her? What's in it for her? Another motivation for telling their stories is to fight back. When the judge in the Stouffer s. Inn case threw out the jury's conviction, the next day's newspapers were filled with disgruntled reactions from jurors defending their verdict.

Beotics Emoty 39 fought back in a different way Emory was the lone hold-out on a twelve-person jury that wanted to impose the death penalty for a heinous murder in Decatur Cia Angry at being stymied by Emory Superior Court Judge

Clarence Peeler identified him in court and told a reporter that he had almost recommended charging I mory with perjury for saying, before he was impaneled, that he had no qualms about voting for capital punishment. After the story appeared says Emory his family received threatening calls and someone threw acid into his locker at work. The ex-juror claiming humiliation and mental distress, is suing the judge for slander and violation of his constitutional rights.

Are tougher rules needed to limit all the criticism and gossips interest that high-profile cases engender? Most experts agree that when Hinckley jurois were asked to testify before a congressional committee after the verdict, there was an ominous hint of Big Brother looking over their shoulders. But it is hard to find accord on what is appropriate. There is little danger that postverdict statements about deliberations can change the outcome except in rare cases like a revelation of jury tampering. Keeping the process as open as possible is important to many. Says Atlanta Prosecutor Lewis Slaton | The lesson of American democracy has been that you have to keep the light of public scrutiny burning in order to prevent abuse. Millard Farmer a defense lawyer in Atlanta points out that present day national interest in major cases is merely an extension of what has always existed in small towns with no scrious consequences. Says he Anyone who serves on a jury knows that eventually he will have to go back to the community look his neighbors in the eye and defend what he did in the jury room

O their observers are less sanguine Cathy Bennett a Houston consultant on jury selection as concerned that publicaty increases the pressures on jurors to convict. I wish they didn't feel they had to face their neighbors, rather that they had to face themselves after rendering a verdict. Argues Yale Law Professor Geof. frey Hazard Any time you start secondguessing the justice system, you undercut to some extent its unique function. It invites a case to be tried once in the courtroom and once in public. Harvard Law Professor Charles Nesson urges more leadership by the trial judge 'I don't think that judges should order jurors not to talk ' he says but it would be completely proper to encourage them not to

As for jutors who have been through the experience they too are split Custodian Glynis I assiter was one of the Hinckley jutors who moved out of his house to escape the press but he says he regrets nothing about the trial and would willingly serve again. His fellow panel member Copelin sees it differently. I map oor woman but if anyone offered me a million dollars to do it again. I wouldn't do it It saps the life out of you.

Reported by David S Jackson/Washington and B.J. Phillips/Atlanta

Poison Plot

A "kaleidoscope of deception"

W ANTED EXPLITS IN POISONS AND CHEMICAL AGENTS WITH ACCESS 10 SAME That ad in the paramilitary journals Gung-Ho and Soldier of Fortune was not submitted by one of the adventurers and mercenaries who commonly read them it was placed by William Chanslor former president of the Houston Trial Lawyers Association. His mission to end the life of his invalid wife painlessly and undetectably. But by last week his scheme. had unraveled in a fashion so bizarre that his wife was pleading his innocence in court while prosecutors played tapes of him planning her death. Nonetheless, the jury unhesitatingly convicted Chanslor of policiting the commission of a felony, then entenced him to only three years in prison and a \$5 000 fine instead of a possible 20 years and \$10 000

By Texas standerds of macho money and murder it was an almost refined case Chanslor (who is worth a mere million) contrived a poison plan that was a virtual Agatha Christic plot with its intricacies and intrigue. In the prosecution's words his mind was a kaleidoscope of deception

Three years ago, a stroke turned Susan Chanslor, then 39 from an athletic vivacious woman into a wheelchairbound cripple with some brain damage and recurring bouts of headaches and depression. Two years later Chanslor rented a post office box using a fake name and address then placed his ads in Gunz Ho and Soldier of Fortune. He received sever al replies, but last fall the energetic attornev came across a promising five volume set of books titled How to Kill by John Minnery a Canadian weapons expert Chanslot telephoned Minnery whom he refers to as Dr. Death, to ask about undetectable poisons and they began a series of monthly conversations. One topic DDVP which Chanslot told Minnery someone in Texas would sell him for \$750 Minnery replied that DDVP which is used in Shell No-Pest insecticide strips among other things could easily be purchased for less than \$10

Chanslor apparently abandoned the No-Pest idea but asked to meet with Minnery in Toronto last April to talk about another poison tiein which is derived from the castor bean and is difficult to trace even when a doctor knows to look for it. By this time says Minnery, he had concluded that the discussions were perhaps not entirely academic and he alerted Ontario police who in turn contacted Touston authorities. A tape recording was made of the Toronto meeting at which Chanslor paid \$500 to have a capsule of ricin brought to him in Houston During the Houston meeting on a videotape later shown to the jury Chanslor handed over \$2 500 for the capsule (which was actually vitamin C) Moments later Chanslor was arrested



Chanslor wheeling his wife from court

But the Texas lasser read How to Kill

His defense was that he was really a devoted husband who sought out a poison only after months of pleading by his despondent wife. Under Texas law aiding a suicide is a misdemeanor earrying a maximum punishment of a \$200 tine. Why did the poison have to be so undetectable? His lawyers contended that he was hoping to spare his nine-year-old son the stipma of a family suicide by making the death seem an inexplicable consequence of the stroke Susan Chanslor took the stand to support her husband's story. I discussed with Bill the possibility of ending my own life she told the jury. He was a typical husband He wouldn't listen to me

But asked Prosecutor Brad Beers on cross-examination had not Mrs. Chanslor first told investigators that she did not ask her husband to get her poison and that she had no intention of committing suicide? She conceded that she had A prosecution witness also testified that at the Toronto meeting Chanslor said. This bitch is really getting to me. He denied it and the tape was fuzzy. The tape however clearly caught him saving that suicide was an impossibility. We talked about it and then the person backed out.

In light of all the evidence why was his wife still supporting him? She was under his dominion—argues Prosecutor Beers—She's like a mother who says. Oh Johnny couldn't have done that! when she learned about a crime he committed. It took the jurors just 2! hours to agree with the prosecutor's version. But at trial's end with Chanslor free on bond pending his appeal. Ittle seemed to have changed. I intend to take care of her as I always have. Chanslor said as he wheeled his

wife out of the courtroom and she held his

honey I m not going away for a while

arm And to her he added. It's O'K

Milestones

DIED. Dean Chenoweth, 44 daredevil boat racer and four-time national hydroplane champion of head neck and chest injuries when a gust of wind flipped his boat while it was traveling at 175 mph during a qualifying run for the annual Columbia Cup race on the Columbia River near Pasco. Wash Returning several times from retirement the Comeback kild had miraculously survived one crash after another. I ventually he became one of only seven competitors who lived long enough to win more than a dozen races.

DIED. David Carritt. 55 master sleuth of the old masters who rediscovered an unmatched array of rare and valuable paintings of cancer in London. Art historian dealer and critic. Carritt had an unerring eve that enabled him to buy a misattributed Fragonard masterpiece at a public auction under the noses of other top experts at a tiny fraction of its present million dollar value. When you've become familiai with the work of a master at slike recognizing a friend's handwriting he once said. Among his finds were five Francesco Guardi canvases rolled up in an Irish country shed two Tiepolo ceiling paintings one in the drawing room of I ondon's I gyptian embassy and the other at a golf club outside London, and a Caravaggio in an Linglish country home. So renowned were his feats it was said that financially hard-pressed British landowners dreamed of hearing the butler announce A Mr. Carritt to sec you my lord

DIED Gilbert Cart, 72 esteemed Lasker Award winning medicine editor of TIMI from 1949 to 1969 author of Male Trouble (1976) on prostate problems and three books on the Navy in World War II of a heart attack in New York City

producer of The March of Time for 17 years the most popular documentary film series in the U.S. of kidney failure and pneumonia in Flemington N.J. De Rochemont was credited with some of M.O. I. s most memorable films including The Story of the Latican the first full-length feature on the papal state made with the sanction of the Holy See.

DIED Cathleen Nesbitt, 93 recisable British character actiess whose career lasted 70 sparkling years on the London and Broadway boards in London Incredibly inordinately devastatingly immortally calamitously hearteningly adorably beautisaid the poet Rupert Brooke of Nesbitt at 24. Photographed by George Bernard Shaw directed by the Shakespearean scholar Harley Granville-Barker she began as an ingenue and ended in elegant dowager parts, most notably in the original My I an I ady and the 1980-81 touring revival which was her final appearance. I haven't been known as a great actress—she said then—But I ve i been a very successful one

Economy & Business

Growing Pains in Asia

Taiwan and South Korea seek new strategies for the 1980s

n hour's drive south of Taiper about 45 miles out on the modern superhighway near the city of Hsinchu lies Taiwan's two-year-old Science Park. It is an ambitious development 5 000 acres of sloping green hills containing 37 government-aided research-and development-oriented hightechnology companies. Many of the firms are small their production lines almost antiseptic. They are a far civ from the big teeming textile and steel mills that form the bedrock of Taiwan's traditional industry But Science Park is more than just a developing country's economic showcase It is a hopeful gamble on an increasingly uncertain future a symbol and centerpiece of a new strategy to propel Taiwan into the ranks of the developed nations by

Some 800 miles to the north South Korea is taking a similar gamble. On the eastern outskirts of Seoul sits the high-powered Korean Advanced Institute of Science and Technology Inside its ultramodern buildings set in a wooded and landscaped compound 1.440 South Korean scientists and engineers work to champion the cause of their country's technological advancement tackling R and D projects ranging from auto production to new and better computers The number of Ph D's is US-educated, many gave up higher-paying jobs in America to return home Why' Says one Korea needs to develop its technology to survive and prosper Korea needs us

The economic parallels between Taiwan and South Korea run deep Throughout the 70s both countries routinely posted growth rates of 10^c or more Like Japan they seemed immune to the stagflation and unemployment that plagued the industrialized countries of the West Like Japan they had overcome a lack of natural resources and tapped rich supplies of available labor. And, again like Japan

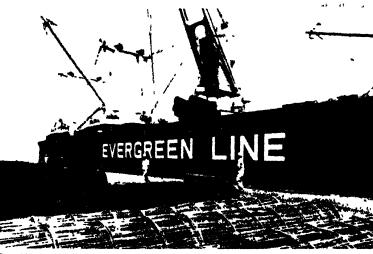
they sought prosperity through exports Faiwan copied (and Westerners claimed often pirated) everything from auto parts to cosmetics and its inexpensive garments and shoes flooded world markets South Korca exported low-cost steel ships and above all manpower Indeed no countries were more successful in selling their products to the Middle East where Korean and Faiwanese workers by the thousands are building roads and factories servicing airplanes staffing hotels and even fairning

Now suddenly both countries are suffering from growing pains. The old policies no longer work so well. The old markets are no longer growing, the old industries are in trouble. The dreams of steadily growing affluence are no longer rosy. Growth rates have slowed to a crawl the economic indicators are gloomy business pessimism abounds. Taiwan is facing its most difficult period of the past 30 years moans Chao Yao-tung. Taiper's Feonomic Affairs. Minister I choes. Rhee, Eur. Bok, director-general of the Korean Productivity Organization. For us, 1980 was the worst year economically in two decades. Since then our economy has recovered but only slightly. We are still in the midst of a prolonged recession.

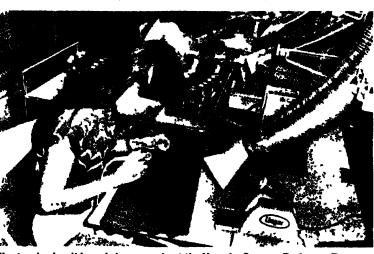
What both nations have encountered is a rude lesson in the limits of growth I ven in the boom years planners in both countries acknowledged that they would one day have to rationalize and modernize their economies if they were ever to make the great leap into the ranks

of the rich But the day of reckoning came sooner than was expected Protectionism inspired by the global recession and the 1979 oil crisis bit into foreign sales at just the time that other less developed countries like China and the Philippines began producing and exporting products of their own at even lower labor costs Explains Young Yoo a South Korean economist We find ourselves sandwiched between the powerful developed countries and the Third World

The result was a sharp fall in both countries exports in 1982. At the same time inflation and unemployment worsened So far this year South Korea's allimportant Middle East contracts are off by 13% and laiwan's foreign orders (orders that would in time have translated into exports) have dropped 17% The island's electricity consumption a key indicator of industrial activity and consumer confidence is falling for the first time in living memory Even the most optimistic projections put Taiwan's growth in 1982 at no more than 5% while South koreas is expected to be 55' Although still respectably high by world



high and most of them are. Steel being readied for export from the port of Kaohsiung in South Talwan



Electronic circuit boards being made at the Hsinchu Science Park near Taipei "Taiwan is facing its most difficult period of the past 30 years

standards (the GNP gains of Western European economies will average no more than 2% this year) the drop is sharp i and scars enough to set the two nations R. Imbling for new avenues to affluence

Neither seems especially confident that it has found the solution. In an effort to spur short-term growth Taiwan has cut its prime interest rate from 13% to 105% Looking further into the future both countries believe that their best bet for renewed growth lies in the development of new high-technology industries Thus Taiper has high hopes for Science Park which it is promoting with tax-free holidays and low-interest government loans. If we are to continue our economic progress says Hsu I i-teh Taiwan's Finance Minister we will have to make a quick transition from labor-intensive to technology-intensive industry

outh Korea's programs are less defined but the aims are the same Last month Seoul increased the list of manufactured items eligible for govcriment assistance and announced that 300 small firms primarily high-technology users, will get low-interest loans from the government Larlier the Ministry of Construction issued a directive to construction firms urging them to shift the focus of their overseas projects from simple highway and house-building projects to more complex high-technology efforts like ultramodern factorics and desalinization plants. What Korea needs now in- i sists Rhee is technological innovation

The long-term rewards of such a move can be large but so are the risks Outside official circles there is scant optimism The Korean Chamber of Commerce and Industry argues that business conditions must get worse before they get better and few Jaiwanese businessmen are showing much inclination to plan investment strategy years ahead when they are so worned about their current survival. How can anyone invest in automation asks a U.S. conomist based in Tajper when manufacturing industry is running at 76% of capacity? So gloomy is the Taiwanese outlook that the island's rumor mills continue to abound with reports of businessmen secretly transferring fortunes abroad. Many concerned entrepreneurs fault the government for moving too fast into advanced technologies, they argue that the government should focus instead on upgrading the island's current industrial base

They have a point Much of the industrial plant in both Taiwan and South Korea is outmoded and geared to an era of cheap labor. Neither country has yet eveloped an adequate pool of skilled workers and their trained engineers and managers, most of them educated abroad are all too easily seduced by high salaries elsewhere Moreover though both countries are run by authoritarian governments whose policies helped bring on the boom years both are also plagued by frequently inept planning and heavyhanded bureaucracies



The Hyundai shipyard in South Korea



A South Korean electronics production line Rude lessons in the limits of growth

Some of South Korca's problems stem directly from poor planning. The vast government-sponsored from and steel plant at Pohang completed in 1973 for example has proved to be a decidedly mixed blessing. The \$285 million plant consumed so much of the nation's available capital and credit that small busi

nesses the backbone of the nation's export growth, could not find the money to expand and modernize Pohang steel sold so well overseas that it has prompted the Japanese who provided the initial technology for the plant to review policies for future technology transfers Similarly Taiwan's state-owned shipyard in Kaohsiung built a decade ago in the heyday of the supertanker is operating at a fraction of its capacity a victim of nonexistent demand for supertankers in the 80s

At the same time Taiwan's private sector is dominated by thousands of small family-owned firms that have resisted government efforts to establish large trading companies, such as Japan's Mitsubishi Corp and Marubent and are reluctant to move into high-technology manufacturing Family firms fear new technology says Bobo Wang president of a Hsinchubased computer firm. It means they have got to hire an engineer from outside the family and give him real freedom to direct the company's operations

Another brake on further development in both nations is a lack of capital and credit. Although Taiwan likes to portray itself as a bastion of free enterprise the government dominates the banks and is able to dictate just who can borrow. In theory that power gives the government crucial control over the country's development. In practice credit is often less likely to go to deserving companies or projects

than to money-losing state-owned firms or to companies with the right political connections

South Korea's banking system is similarly hamstrung. In the old days of heady growth the government simply decided which firms and industries should grow and the banks made credit available. But so strict were controls that even some of the largest companies preferred to tap an illegal but more expensive credit market that operated outside government control and accounted for about a third of all corporate borrowing. This curbside market has since disappeared, and the availability of credit has narrowed. The unwritten rules for lending have been liberalized but explains Kim Ki Hwan the president of the Korea Development Institute—the banking system is still managed by people who are very subservient to what they believe are the wishes of the people higher up

Despite the hurdles they face both Taiwan and South Korca insist that the future lies in high-tech industries and both still look to Japan with undisguised admiration. We must study how Japan won the world economic war observes Chung Ju Yung president of the Lederation of Korean Industries and we must learn the technologies that made Japan so renowned Says Wang Sze-cheh general manager of Taiwan's China Productivity Center We have to find our own ways to do things rather than adopting their methods wholesale. It will not be easy or painless By Jay D Palmer. Reported by Ross R Munro/Talpel and Edwin Reingold/

Seoul

Wall Street Merry-Go-Round

A nerve-jangling week spins investors around in circles

ormally summer on Wall Street brings a rise in the price of stocks and bonds. But this year has been different leaving brokers and analysis totally befuddled as to whether the stock market might at any minute begin climbing to new highs of slumping to new lows. Last week the rattled and schizoid market seemed to be trying to do both. It was a nerve-testing

five days of reversals and price swings that first stirred and then frustrated investor hopes for the market's much anticipated summertime rebound

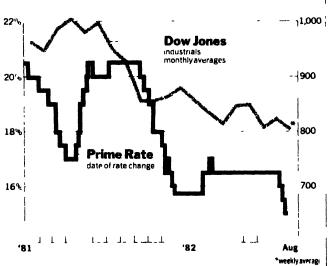
For months, market analysts have been insisting that a convincing break on interest rates is all that investors need to begin snapping up stock at the virtual fire-sale prices that have prevailed since last winter. Thus when easier money from the Lederal Reserve allowed big commercial banks to begin cutting their prime lending rate to a flat 15% the previous Friday brokers came to work on Monday expecting buy orders aplenty. They were not disappointed By days end the widely watched Dow Jones industrial average of 30 of the nation's

leading corporations had racked up a 13.51 gain to 822 its biggest one-day rise since June 23

But jubilation did not last long Though interest rates continued to case fractionally lower the short lived rally fizzled and by Wednesday the Dow industrials had sagged back nearly to their Monday-morning starting point. The Uturn decline of 12.94 marked the steepest drop since Leb. 22. Worse still by week's end the drooping 30-stock average had

declined even further, plunging another 11½ points on Friday to close at 784 34 the lowest since April 1980

On one point nearly everyone agreed the chaotic trading and uncertainty were directly traceable to Washington's ongoing failure to slash the runaway federal deficits that triggered crippling interest rates in the first place. Administration of-



budget shortfall will be closer to \$140 billion than to the \$115 billion gap they foresaw just two weeks ago. The Government will have to borrow at least \$100 billion in fiesh cash during the rest of 1982, and must raise \$35 billion of that by the end of September. Says. Irwin. Kellner. chief economist. of Manufacturers. Hanover Trust Co. in New York City. If you want higher interest rates, just wait a few days. They Il come along very soon.

Wall Street's gloomiest forecasters argue that sky-high borrowing costs are literally ruining the business environment for American industry Says Raymond Dalio of Bridgewater Associates a Wilton Conn economic forecasting firm. I think we'll see a repeat of the Crash of 1929. The only way we can avoid a further acceleration of failures is to get a substantial break in interest rates accompanied by a sharp increase in economic activity. That has not happened and that is why I believe we are already in the early stages of a depression. Dalio expects the Dow

to drop to around 600 before the end of the year

In spite of tentative signs that the recession is beginning to bottom out the climate for business continues to deteriorate Last week for example the Labor Department reported that the unemployment rate had reached 9.8% of the labor force in July the highest level since 1941. Nearly 500 enterprises now shut their doors every week the heaviest corporate failure toll since the early 30s.

E ven the most conservative forecasters are clearly rattled by the grim climate for investors. They are particularly worried by the stubborn refusal of borrowing costs to drop more than a few percentage points.

Although a 15'r prime is the lowest since November 1980 it is still extremely high by traditional standards and far above the single-digit rates that prevailed into the late 1970s. Says F conomist Paul Wexler of the Bank of New York. The financial underpinnings of American industry have weakened to the point where a major unexpected bankruptcy is now a real risk.

Towering interest rates also worry Robert Farrell the highly regarded chief

Continental's Mea Culpa

ne of the hardest-hit stocks on Wall Street recently has Obeen that of Continental Illinois Corp, the parent of Continental Illinois National Bank and Trust Co, the nation's seventh largest commercial bank (1981 assets \$45 billion) In the wake of huge reported loan losses following the collapse of Penn Square Bank of Oklahoma City in June, Continental's stock has plunged to a mere 15% Earlier this year the stock had traded at 36 Last week, in a public relations blitz designed to get the bad news behind him, Continental Chairman Roger Anderson took the highly unusual step of publicly discussing details of the bank's loans with investment analysts and journalists alike Said he of the Penn Square fiasco, in which Continental has so far written off \$45 million in risky loans that exceed \$1 billion 'It has been a body blow to us Our confidence and pride have been hurt but not gravely wounded "

The bank's loan-portfolio revelations were made first to analysts in New York and a day later to editors in Chicago, but the jet-about effort did little to boost the bank's image as a savvy lender Continental has set aside a higher than normal loan-loss reserve of \$474.6 million, or 1.3% of all loans. But the bank's megabuck borrowers include some of the most troubled credit risks in all of corporate America. Among the loans \$140 million to International Harvester, the deeply troubled Chicago farm-equipment manufacturer, \$16 million to bankrupt Braniff Airways of Dallas, \$57 million to Wickes Companies, Inc. a now bankrupt seller of lumber and furniture \$200 million to subsidiaries of Dome Petroleum the struggling Canadian oil firm, and \$80 million to American Invsco, a wavering condominium developer

Continental Illinois' problem loans have multiplied as the economy has slumped. By offering the details to public scrutiny, the bank at least made it plain that it is not in any danger of collapse, or indeed of a serious cash squeeze. Losses on bad loans are expected to increase, but healthy loans will still enable the bank to turn a year-end profit that many analysts have been predicting will reach at least \$125 million. That is far more in earnings than many of Continental's customers can count on

Economy & Business

market analyst for Merrill Lynch Pierce Fanner & Smith Co the nation's largest intestment and brokerage concern I arrell stresses technical analysis of market trends in his forecasts and is currently warning clients that stock prices may continue sliding until at least autumn Says he The US economy is weaker than it sbeen in any cycle of the postwar period

By contrast Wall Street's optimists continue to stress the positive influence that easing interest rates are bound eventually to have on the economy and thus on stock prices. They look for lower rates to draw some of the approximately \$215 billion now in money-market mutual funds back into the stock market. Jack Leylegian who operates his own San Fita icisco-based money-management firm expects that cash to 'explode like a dynamite keg, into higher stock prices.

Other bullish forecasters agree Says Susan Berge of the Rhode Island forecasting firm of Anthony Tucker & R.I. Day Inc. Our market-trend indicators say that a rally should get under way soon and take the Dow to a new alltime high above the 1051 it reached in 1973. Barton Biggs chief market strategist for the New York City firm of Morgan Stanley & Cooffers an equally enthusiastic forecast Says he. There's a good chance that by the end of the year the Dow will be selling at its book value which is well above the 1000 threshold.

minority of experts offers yet a third and even more surprising view of the impact that falling interest rates could have on the stock market. One such is Howard Stein chairman of the giant. Drevfus Corp, which manages more than \$12 billion in investment funds. Stein takes the view that lower borrowing costs may actually hurt stocks because investors will dump them to switch into bonds, which have been selling at enormous discounts in recent years and stand to rise dramatically in value as interest rates decline.

Many well-heeled investors are alteady moving in that direction. Institutions pumped \$13 billion into the bond market during the first quarter of 1982 or more than \$1 billion beyond their investment during all of 1978.

Any trjumph of bonds over stocks however would be only temporary Leading analysts warn that it is never wise to write off stocks because they always seem to have a way of bouncing back. Merrill I ynch's Farrell, for one believes that the Dow may rise to around 1,200 by 1984 and that stocks could become attractive to wide range of investors once again later in the decade. Many people may understandably find that a little long to wait but the message of 1982's sputtering summer stock market is that only a steady and sustained decline in interest rates will rekindle investor enthusiasm. The key to that alas, lies not on Wall Street but in Washington — By John Greenwald. Reported by Frederick Utgeheuer/New York

Holiday Condos

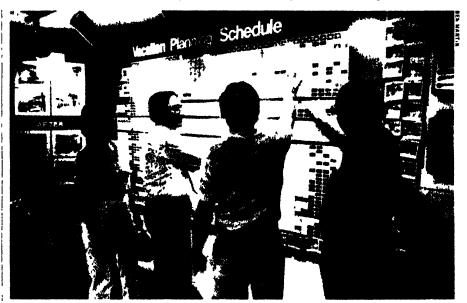
Problems for time sharing

ne week in a luxury vacation retreat each year for the rest of your life for just \$8 000 plus a small annual maintenance fee. That is the appeal of timesharing ownership the hottest and most controversial part of the depressed residential real estate business. New housing starts are at their lowest point since World War II but during the past seven years the time-share business has exploded from \$50 million to \$1.3 billion in annual sales.

Time sharing allows people to beat the high cost of vacations in \$100-a-night resort hotels. Instead, they pay anywhere from \$3,000 to \$15,000 to buy rights to a

Claude Pepper of Florida, whose House Select Committee on Aging has been holding hearings related to abuses in the industry "Many of these offerings are legitimate But a high percentage of them turn out to be frauds"

Once they become part-time owners people sometimes find that their dreams turn into nightmares. During a year, dozens of families can wind up occupying a unit with some stealing the linen or perhaps wrecking the living-room sofa and thereby adding to upkeep costs Says Barney Logan, a condo dweller in Honolulu, whose 47-unit building now includes about a dozen time-share apartments "When we first came here, nothing was said about time sharing. Then the flood started There was overuse of utilities maintenance costs went up, and sometimes you couldn't even get an elevator there were so many people in the building '



Salesman showing time-share shoppers available vacation dates at Commodore Beach Club
An infant industry of exploding popularity but one with pitfalls aplenty for the unwary

week of perhaps as much as a month each year in a villa bungalow of apartment Typical of such deals is the package offered by the newly built Snug Harbor Marina Village in Fort Myers Beach, I la Snug Harbor charges a moderate \$2 500 to \$6 000 a week for two bedrooms and two baths plus the use of a village-owned fleet of 22-ft to 25-ft cabin cruisers docked outside About 100 iniles to the north in Madeira Beach Fla another attractive time share the 46-unit Commodore Beach Club has been in operation since January 1981 and is already 95% sold out

Yet as the popularity of time shares has increased so too have the booming new industry's headaches. High-pressure salesmen have flocked in bringing with them direct-mail promotions that lure unsuspecting customers to distant resorts with promises of expensive-sounding sweepstakes gifts. Then the customers are cajoled into buying time-share condos at high interest rates. Says Democrat investigation

Some time-share management companies have gone bankrupt, leaving the hapless owners helpless. In picturesque Estes Park Colo, the historic Stanley Hotel was converted into a time-share condo project and more than 2 000 units were sold for \$5.5 million. In 1979 James Quincy a Colorado real estate promoter, stepped in and bought the company. The project went bankrupt in 1980, leaving the building effectively unmanaged until 2½ months ago, when it reopened under new management.

In an effort to spur protective legislation for time-share consumers, the National TimeSharing Council Board of Governors will meet this week in Orlando Fla to adopt a tougher model act for state governments without such laws. Though time sharing can be an inexpensive vacation alternative it also quite plainly remains for now an investment that requires careful planning and close

A New Guru

Reagan picks a top economist

The job has been among the most try-ing and thankless in the Reagan Administration Almost from Inauguration Day the chairman of the Council of Economic Advisers the President's top economic policy counselor has had to mediate between feuding factions from the Treasury Department and the Office of Management and Budget in a frustrating effort to help chart a coherent and consistent economic course. Meanwhile he has been under pressure from the White House to produce economic forecasts that offer hope for the ultimate success of Reaganomics When Murray Weidenbaum resigned the post three weeks ago to return to teaching his sudden departure and disavowal of the Government's latest optimistic projections reinforced fears that the Administration's economic policy is judderless and foundering

Last week however President Reagan persuaded an economist with both stature and credibility to come on board as Weidenbaum's successor. His choice Martin Feldstein 42 professor of economics at Harvard University and president of the prestigious National Bureau of Economic Research in Cambridge, Mass.

Feldstein a member of TIMI's Board of Economists is a conservative who shares the President's conviction that excessive government spending and regulation along with buildensome taxation have discouraged capital formation and sapped the productive energy of US business More important, Feldstein who earned his doctorate at Oxford University is a respected scholar known for backing his views not with thetoric alone but with careful research and painstaking statistical studies as well. In 1977 he won the John Bates Clark Medal, awarded every two years to the most distinguished American economist aged 40 or under

A reserved balding man Feldstein has quietly voiced strong opinions that seem to belie his gentle manner. He has argued that the food-stamp program has increased the ranks of those dependent on government aid that Medicare and Medicaid have led to overuse of hospitals and an explosion of medical costs and that generous Social Security benefits have undermined Americans incentive to save for their old age. Feldstein will be an articulate ally for Budget Chief David Stockman in trying to convince Congress that the growth of these social programs should be slowed.

While Feldstein has in general staunchly supported the President's drive to reduce federal taxes, he has also expressed fears that the Administration and Congress are letting the budget deficit run out of control On several occasions, he has suggested that the third installment of Reagan's personal income tax cut, a 10% reduction due next July, be postponed to bring the budget closer to balance In

meetings last week with Reagan's top aides. Feldstein insisted that he would stick to this position in White House deliberations despite the President's firm opposition to any changes in his tax cut

One of Feldstein's weaknesses is his lack of experience in economic forecasting. He has always shied away from trying to predict the short-term swings of the volatile U.S. economy. As chief economic adviser, he will face the formidable task of restoring confidence in the Government's semiannual forecasts, which have consistently underestimated the staying power of high interest rates and the severity of the current recession.

Feldstein has never hesitated to assign blame for America's economic woes. Says he The Government's mismanagement of monetary and fiscal policy has contributed to the instability of economic output and to the rapid rise in inflation. He now will have a chance to help change that dismal performance.



Harvard Professor Martin Feldstein

Bags or Belts

Automakers get the word

Deregulation of the much suffering U.S. auto industry has all along been a cherished goal of the Reagan Administration which has vigorously attacked governmental bureaucrats and their safety standards as being major contributors to Detroit's maladies But the Administration s ongoing effort to end what automen as well regard as officious federal meddling received a serious setback last week That occurred when a federal appeals court in Washington ordered the National Highway Traffic Safety Administration to reinstate a regulation requiring automakers to install air bags or automatic self-buckling seat belts in their 1984model cars

The judicial ruling reversed a 1981 Administration move that rescinded a socalled passive-restraint requirement imposed earlier on the industry Now the whole debate over the usefulness of air bags and self-buckling seat belts seems ready to flare back to life again

The rule in question issued in 1977 by the NHTSA under the Carter Administration required the installation of automatic crash-protection gear starting with large- and medium-size automobiles as of this autumn. Not long after Ronald Reagan took office NHTSA Administrator Raymond Peck postponed that deadline for a year claiming that the Government needed more time to study the regulation In addition the agency was concerned about the auto industry's deepening financial troubles and was eager to help give automakers at least some relief from the added design and manufacturing costs that would have resulted from installing the restraints. Last October after further consideration. Peck scrapped the rule entirely on the grounds that it failed to meet a legal criterion that safety standards be reasonable practicable and appropriate

The move was promptly attacked by a coalition of outraged insurance companies and various consumer groups which petitioned the U.S. Court of Appeals in Washington to overturn the action taken by Peck and the NHISA. The coalition told the court that passive restraints could save some 9 000 lives a year on the nation's roads and highways.

In June a three-judge panel ruled that the Government had acted arbitrarily and capriciously in repealing the regulation and gave the safety agency 30 days in which to substantiate its actions. When Peck failed to satisfy the court it overruled the agency and ordered the enforcement of the passive-restraint rule to proceed

In Detroit reaction among automakers ranged from cautious silence by General Motors to the assertion by a Chrysler Corp official that there is absolutely no way 'in which the firm can equip its cars with the devices by 1983 Some automen complain as well that they have been caught in a pointless protect against self syndrome in which hundreds of millions of dollars may now have to be spent redesigning retooling and testing to equip their cars with seat belts and air bags that drivers do not particularly want in the first place Says Roger Maugh director of auto safety for Ford 'We still feel that the best and most effective strategy is to get motorists to buckle up using the factory-installed seat belts for which they have already spent more than \$14 billion over the years When used these belts provide overall safety as good as any passive device

The NHTSA has until Oct 1 to say, whether automakers will be able to meet the September 1983 deadline Meanwhile the agency is free to issue a new set of autosafety standards subject to court review. The other choices open to overturn the appeals-court ruling are to seek congressional legislation that would repeal the regulation and, more likely to take the case to the US Supreme Court

Essay

Nothing Is What It Used to Be

ne of the most incredible pieces of news in the past month to One surprised middle-aged person was the announcement from Washington that the number of Americans officially designated as poor had increased to 14% of the population. What scemed incredible was not the painful number of the poor or the painful increase in that number -- painful things do not faze the surprised middle-aged person-but rather the fact that the Federal Government now defines the poverty line as an income of \$9 287 for a family of four

The younger generation knows that \$9,287 will not buy any tickets to a Fleetwood Mac concert, but the SMAP remembers when \$10 000 was generally accepted as the unofficial a frontier to wealth. To be a \$10,000-a-year man, was synonymous with membership in the upper middle class. That was what the SMAP's father had carned as a professor at Harvard and when the SMAP was young he considered it the height of vault- 1 gia for the 55c ticket to the bleachers at Lenway Park he has

me ambition to earn as much. Some day when he too made \$10,000 a year, he would be able to consider himself a success

It is a familiar sign of aging of course to be surprised at change in general and changed prices in particular. But perhaps the true sign of age is acceptance. Lighty years old! Paul Claudel wrote in his journal. No eves left no ears no teeth no legs no wind! And how astonishingly well one does without them. The SMAP who still retains most of his faculties, also retains a childish capacity for surprise

Particularly about prices. The SMAP keeps reading about fearful rates of inflation but he still cannot get used to surrenduring 75c to enter the pestilential inferno of the New York City subway (and reading headlines wondering whether impending increases can hold the fare to \$1). He can remember paving a fare of a nickel. He begrudges paying 30c for those headlines too when the Boston Post in his boxhood cost 2k Well the Boston Post no longer exists perhaps he will see the day when the New York subway no longer exists either

When the sun is shining the SMAP can treat it all as a game like trivia ques-

tions. Who played second base for the Brooklyn Dodgers in 1940? Pete Coscarart that's who. What did a haircut cost in those days? Lifty cents. And a Hershey bar? Live cents. When the SMAP reads that LT earned \$17 million over the July 4 weekend he remembers paying 25c to see Gone With the Wind In fact he remembers when Gone With the Wind v gross of \$40 million established a record that was expected to stand forever like Ty Cobb's 96 stolen bases or Babe Ruth's 60 home

The modern economy is not just a dismal saga of inflation mough. The S.M. A.P. can also remember when the first ball-point pens came on the market for \$12.50. No longer said the ads could ink leak from your fountain pen and ruin your new shirt The 5 M A P had in those days a rich friend who spent \$52 on the First Busch performance of The Marriage of Ligaro (on 17 breakable records) that version one of half a dozen now costs \$18 When the S M & P first went to Europe in 1946, the only way he could find to get there was a Turkish freighter that took 28 days from New York to Marseille, for \$220

Europe provided its own revelations about the cost of living

When the SMAP first went to inspect the rubble-strewn wreckage of Germany \$1 was supposed to be worth ten reichsmarks but the real unit of currency was the American eigarette. A carton cost \$1 at the PX and could be sold on the street for 1 000 teichsmarks except that nobody used teichsmarks one swapped. The strange thing was that people went right on smoking The SMAP who chain-smoked in those days never did have much talent for finance. He declined an offer of a harpsichord for six cartons of cigarettes (a harpsichord nowadays costs as much as \$15,000). The last time he was in Germany, he paused at the Frankfurt airport just long chough to have a cup of coffee which cost him \$2. He was as usual surprised

All financial transactions are of course a kind of swapping in which money is merely a convenient symbol for work or scarcity or an unusual idea. When the SMAP feels nostal-

> to remind himself that he carned \$20 a week as a police reporter on the Des Moines Register. A generation earlier when Vice President Thomas Marshall bemoaned the passing of the 5c cigar Dieiser's Sister Carrie found a job in a factory for \$4.50 a week and was happy to get it. Some of the most interesting swaps can hardly be priced at all When the SMAP sold his first novel he invested the entire advance in a shaky jalopy so that he could stop commuting to work on a bicycle. The car was no good, but neither was the novel neither lasted as long as the S.M.A.P. S. Surprisc.

> When the SMAP eventually reached his father's eminence and became a \$10,000-a-year man, the object of his surprise was the price of his children's shoes which seemed to need replacing every few months. On discreet inquiry he discovered that Harvard had more than doubled the parental paycheck in the intervening years and the SMAP remained close to what is now called the poverty line. At a dinner party given by prosperous friends who then lived in an apartment overlooking the Hudson River he raised the question of how much one must carn to live well in New

York City not luxuriously but well. He knew his hostess was extravagant, but he could only be surprised when she said. I can t imagine anyone doing it for less than \$50,000

Having heard recently of Manhattan apartments renting at \$10,000 a month leven \$15,000, the SMAP tried again to discover what the good life should cost, but the other players proved balky. This is the era of blue jeans, and materialism is considered gauche

What does living well mean anyway? said one of the guests who jogs. You want to go to the opera, and you're mad that an orchestra seat costs \$50 but I don't want to go to the

If we have it we spend it said his wife. If we don't we

That's what you get for the cost of living said the husband

By the rules of the SMAP's game, such philosophizing was not an answer to the question of how much it would cost to indulge in the revenge of living well. He ventured a wild guess of his own \$200,000 Nobody seemed surprised -- By Otto Friedrich





Show Business

""God! I'm So Glad I'm Here!"

Raquel Welch Broadway's ebullient new woman of the year

It is 11 30 on a humid summer night and as usual a crowd is stationed outside the stage door of Manhattan's Palace Theater. There are restraining barriers and a policeman or two but they do not prevent pandemonium when she comes out Autograph hounds demand her signature, and as her limousine pulls away men thrust their cards through the win-

dow "Give me a call, Raquel' says one pudgy fan with a wink She smiles and passes his name on to her husband Andre Weinfeld 'This one 'she says is an accountant'

Raquel Welch has been causing tumultuous scenes for so long that they seem ordinary But the ones outside the Palace are different They are on Broadway, where right now she truly is the woman of the year After 18 disappointing years in films, Welch 41 has found a new career doing what she always wanted but was rarely allowed to do sing, dance and play comedy 'Woman of the Year has put me into a whole different category." she says "Suddenly I ve gone from being a Hollywood sex symbol to a legitimate actress in the minds of many people This play allowed them to discover what I can do

Welch first took the part during Lauren Bacall's two-week vacation last December and the critics came down with a case of puppy love 'When was the last time you heard wolf whistles in a Broadway theater" asked the New York Times Box-office receipts dropped only slightly during Welch's first week, during the second week they soared Broadway had not made such a fuss over a temporary replacement

since Fve Harrington subbed for Margo Channing in All About Eve And that was only a movie

To put it mildly, Bacall was not amused "She went wild," says a woman who works on the production After Welch's brief triumph an angry Bacall refused to speak to the producers and pressagents Whenever a permanent replacement was mentioned, she had only one suggestion Dina Merrill, who at 56 is only one year younger than Bacall Welch got the part and suggested that she and Bacall be photographed together, so that they could forestall any silly rumors about a feud Bacall said no She has

other plans. In January she is scheduled to star in the road company of Woman of the Year

Choreographei Tony Charmoli redid several numbers to take advantage of Raquel's energy and training as a dancer Where Bacall spent most of one number standing on a pool table Welch is all over the boards kicking almost to the second

STATE OF MA

second week they soared Broad-Preparing for her high-kicking dance numbers with regular workouts way had not made such a fuss Shades of Eve Harrington and Margo Channing in All About Eve

balcony and turning what was a rather boring scene into a show-stopper

So even on a muggy night with fans thrusting cards into her face, Welch is in love with New York She is also eager to talk during a late dinner at a French restaurant chosen by Andre, 35, a French film writer and producer There the subject quickly turns to the imperial Bacall "She was very regal in the part," says Raquel in a silky voice 'She was sort of saying, 'I am what I am If you want me I'm here. What I feel is different. When the curtain goes up I look out and see that the theater is filled and say, 'God' Isn't this great' I m so glad I'm here."

The waiter tells Andre that a jeune fille at another table has a message for him 'There's a young Chinese lady that saw us somewhere and wants to say hello to me Andre tells Raquel 'I'll go over and see her or she ll come here

Don't tell her to come here "says his wife, her eyes suddenly as dark as thunderheads. Tell her we're busy

"You don't want me to say hello to Chinese girls," he asks

'I don't care if you say hello to Chinese girls, Andre, but I just took a look at her and I never saw her before in my life It's O K Well it's not a fit of jealousy

OK Well it's not a fit of jealousy

I know

continue the conversa tion without having

Chinese girls

some strange woman I don't know who the hell is coming up and talking to us." Weinfeld stays seated the storm clouds leave and so eventually does the Chinese gui

The conversation shifts to Hollywood where Welch feels she was ill-treated by the film industry. She thought she had finally made a breakthrough into scrious acting when she was chosen in 1980 to play the lead in the movie version of John Steinbeck's Cannery Row. She was fired a few weeks after work began however for reasons that are still murky and the shock was traumatic.

t is approaching 3 a m. Dinner and conversation are over, but Raquel cannot let go. A few days later she phones, eager to clear up possible misperceptions. She blames the press for many of the problems she has had trying to shed her role as sex goddess, and she wants to make a special plea for fairness. "I'm upstairs," she says into the telephone, somewhat breathlessly 'and even Andre doesn't know I'm calling you. I probably shouldn't call but I think I've received a pretty

bum rap from a lot of people I don't want you to say I'm the greatest thing since sliced bread because I don't believe that either But, dammit, I'm good I'm really good I've taken a not-such-a-great play and made it work

'Yes, you have Raquel"

"You seem like a decent person, with your sincere blue eyes"

"They re green, Raquel' The mood is broken and after a slight, embarrassed pause the conversation quickly concludes "But they are sincere just like your brown eves'

"Most people," she says, "call them sable 'And so they are —By Garald Clarke

People:

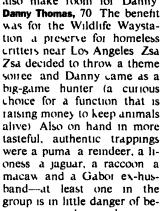


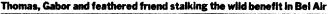
Perkins, back at old homestead in Psycho II

Uh-oh Norman Bates is back. It is 22 years since the friendly motelkeeper played by Anthony Perkins, 50 was led laway to a California mental institution after his classic bathroom murder of Janet Leigh, 55 in Alfred Hitchcock's Psycho Middle-aged and pronounced cured Norman has returned to town and wants to revamp his sagging hostelry Directed by Richard Franklin, 34 who worked with Hitchcock as a student Psicho II picks up the few surviving characters from the master's original Vera Miles, 51 returns as Leigh's sister, 'and Mom is definitely six feet under-in the beginning,' says Perkins ominously adhering to a studio order not to reveal the plot before the movie comes out next year As for Norman, "In the old story he saw himself as a victim says Perkins 'He's a smarter guy now He realizes he has Ae potential of being danger-Fus " Just when you thought it was safe to go back in the shower

Name a cause and Hollywood will give you a benefit Name the right benefit and you'll wind up with not only Zsa Zsa Gabor, 63, but before

you can say "rerun, 'you better also make room for Danny group is in little danger of becoming an endangered species









Atkins curling up with his new femme fatale in an Avedon takeoff

Still Zsa Zsa who keeps four dogs a cat and a horse, wanted to make her priorities clear 'Lx-husbands I don't mind if they suffer or starve,' she said Animals I do

It seems that Actor Christopher Atkins, 21 (The Blue I agoon) has reached that difficult age no longer a teen crush but not yet an adult lead He does have a new flick (The Pirate Movie), and following the well-trampled path of bubble-gum idols beforc him he has cut some way before he wanes his first record How Can I Live Without Her is currently No 89 on the charts But there was still something missing, so his handlers suggested a take-itoff takeoff of the now famous Richard Avedon portrait of Natassia Kinski, 21, with a languorous python at her thigh For Atkins, that meant posing in the outfit that he is best known for on-screen and lying cheek by jowl with a 6ft-long, 20-lb female boa constrictor The result is a

gripping bit of publicity, although Freud might be puzzled about just what Atkins is really revealing

Signed to play the Queen Mother in the TV movie Charles



De Havilland bubbling up at inn

and Diana A Royal Romance, Olivia de Havilland, 66 added a little plump to her circumstances a net gain of 10 lbs to be exact The film over the actress weighed in at the tony Sonoma Mission Inn near San Francisco for three weeks There, in return for \$4 725, she got 800 calories a day and a dawn-to-dusk dose of warm-ups aerobics, slimnastics and martial-arts classes plus visits to the Jacuzzi and herbal wraps (using herbsoaked Irish linen sheets) Olivia s gross loss to date 12 lbs And she wants to lose five more In Beverly Hills, says the longtime star, "the three-letter words are worse than four-letter words. And the worst one of all is I -A-T

-By E. Graydon Carter

Living

Hotel for the Rich

Suites rent for some \$5,000 a night, with crosssants extra

Parisians who think of their city as a paradigm of enlightened hedonism do not quite know what to make of a gaudy new encampment in their midst. It is called the Hotel Nova-Park Hysees Its Second Empire façade is festioned with flamingo-pink awnings. Inside which is mostly mauve the action is known to be exotic and costly. It is said to be the most expensive hotel in the world. Located between the Champs-I lysees and the

Plaza Athenee the seven-story 73-toom Nova-Park has mostly Swiss owners, and is conspicuously patronized by Arabs Te Monde calls it a triumph of petro-baroque. Other observers have labeled the decor. Swiss swish, and sheik thic. What is not in dispute is the cost of staying there

The hotel's twelve-room Royal Suite where Jimmy Carter and a dozen Secret Service men spent two days last spring as guests of French industrialists runs around \$5 000 a night at the present favorable rate of exchange. It has a private rooftop garden bulletproof windows private telex machines Reuters and Agence France-Presse news bulletins an electronic device that guarantees the phones are not bugged dining and conference chambers and a bar at the entrance to each living Nights Suite a triplex with a chic little swimming pool costs \$1 455

a night-breakfast not included. But even | building and retains its façades cost about though guests may have to pay for their croissants they do get use of a Rolls-Royce Bathrooms have Jacuzzi tubs but no doors one bathroom even sits in the middle of a bedroom

On a pillow-by-pillow faucet-by-fau-

cet basis the suites are not as hugely expensive as they seem. A few small rooms ient for \$145 just the thing for bodyguards. The Royal Suite has two living rooms five bedrooms with at least ten closets and seven hathrooms. Even so some visitors find its 4 844 sq. ft. oppressively small. One sheik had to rent two other suites to accommodate his baggage

The Nova-Park I lysees which sits on the site of the century-old Paris-Match



room The Thousand and One Le Big Boss René Hatt with Nova-Park Elysées Rolls-Royces

Aguest should never have to still outside his hotel

\$45 million to turbish and furnish. It is largely the inspiration of Rene E. Hatt 55 a beefy Swiss developer known to the hotel's 280 employees as Le Big Boss Hatt whose Nova-Park chain owns Switzerland's biggest hotel in Zurich also has

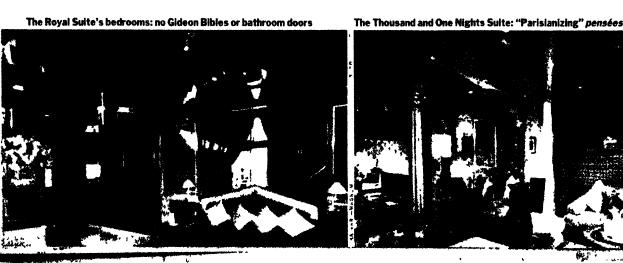
hotels in Jiddah Saudi Arabia and Cairo This fall the chain will open its first US hotel in New York City it will occupy the Gotham a well-loved 77-year-old structure that is being totally rebuilt. Its presidential suite will rent for \$1,750 a night plus tax Le Big Boss who studied philosophy and psychology before switching to economics at the University of Zurich, says. A hotel is the guest room of the

o that end, the Elysees offers six restaurants and ten bars a disco, a nightclub a businessman's service center with stock exchange quotes and multilingual secretaries a fitness club a swimming

pool with 'beach club even a corner for bridge players. There are no Gideon Bibles in the rooms Instead to Parisianize foreigners. Hatt plans to provide Liench classics. On the walls hang framed pensees

Thus far there is only one mouche in the onguent the hotel's premier restaurant supervised by the renowned chef Jacky Lieon and set partly in a breathtaking patio garden has vet to stir much enthusiasm among Parisians. Though it has a 16 (out of 20) rating from Gault et Millau the authoritative Paris columnists (awarded before the hotel opened) other critics have found the restaurant memorable mostly for the Mozart played by a string trio at mealtimes. In any event, despite Hatt's philosophy (A guest should never have to stir outside his hotel) Paris is not the kind of city where visitors feel constrained to eat where they sleep Besides

there is the Rolls and to make outside restaurant reservations the beautiful Margaret who is indisputably the most attractive head receptionist in Paris Hatt & Co must be doing something right. The Nova-Park Hysees is sold out through - By Michael Demarest August



Environment

New Danger in the Wilderness

Robbers, armed groups and pot growers menace parklands

Thousands of nerve-shaken overciviized people are beginning to find out that going to the mountains is going home that wildness is a necessity and that mountain parks and reservations are useful not only as fountains of timber and irrigating rivers but as tountains of life

W hen the great naturalist John Muir wrote those idealistic lines in 1898 the nation's parks and forests were peaceretreats where a visitor from the city night not encounter anything more omiPark when as many as 30 000 people visit natural wonders like Old Faithful, Park Service officers must stay on the alert for violations that range from speeding to buiglarizing parked campers Says Chief Ranger Thomas Hobbs 'You learn that not only nice guys travel

Since 1969 reports the General Accounting Office (GAO) in Washington violations of federal law in US parks and forests have tripled, exceeding the increase in the number of visitors (101% for parks 45' for forests) during the same



Deputies in the Angeles National Forest arrest trio for attempted burglary

The higgest dumping ground for dead hodies and stolen vehicles I ve ever seen

nous than the mournful moans of a lovesick moose. No more. Today Muir's pristine wilderness is becoming increasingly dangerous Not because of any natural menace but because of human malevolence. In almost all national parks and forests crime is rising sharply especially the violent kind

On a recent weekend in Oregon's Dunes National Recreation Area, carousing, boozing drug-using dune-buggy jockeys brawled so fiercely that officials had to set up a field hospital to treat the casualties In Tennessee's Great Smoky Mountains National Park a ranger was culted one night when he inspected a tarked car and chanced on a kidnaper and his victim Everglades National Park in Florida has become a major thoroughfare for illegal drugs from Colombia and elsewhere Arizona has robberies assaults, rapes and sex parties in its Salt River area and the Wasatch Front in Utah is the scene of drug feuds, arson and marauding motorcycle gangs. On a single summer day in Yellowstone National

period. The biggest jump has been in assaults up 400°c Vandalism is up 220°c In the past decade, timber thefts have soared by 700% The GAO as financial overseer of federal properties warns that the rising crime rate may be undermining the very usefulness of many wilderness areas as retreats for recreation

No part of the federally owned parkland has been hit harder than California's Angeles National Forest, 693,000 acres of rugged, thickly wooded wilderness in the San Gabriel Mountains northeast of Los Angeles The forest has long been a catch basin for urban crime Says Administrative Officer Roger Fischer of the US Foiest Service 'It's the biggest dumping ground for dead bodies and stolen vehicles I've ever seen ' During the first five months of the year, authorities reported eleven rapes, 27 aggravated assaults, 66 burglaries and 139 thefts and robberies including 14 stolen cars

Crimes occur at almost any hour Even as he took a visiting reporter on a tour of the forest's scenic San Gabriel Canyon, Joseph Pilcher/Los Angeles

Seigeant Dick Phillips, a deputy with the Los Angeles County sheriff's office, which shares law-enforcement responsibilities for the area with the US Forest Service. stumbled on three young men who were arrested by another officer for trying to jimmy the lock on a camper. As deputies led the manacled trio off to iail. Phillips sighed Crime does pay here, because they know there's very little law here

Much of the lawbreaking is pointless In an almost psychotic eruption of anger, vandals started up a buildozer one night in the Angeles forest and flattened a \$20 000 concrete-block rest room. For no apparent reason three youths shot and killed a good Samaritan in the San Gabriel Canyon area who had stopped to help them get their car out of the mud Aside from ordinary criminals there are selfstyled paramilitary organizations that flock to the forest to practice with their firearms Some stage mock World War II battles even wearing authentic American and German uniforms Once when Phillips drove up to halt a skirmish, the commander of the "German" troops called out Achtung! and his group snapped to attention Phillips and his fellow deputies have also encountered religious cult activities including Satan worship. Dressed in black robes devotees of the devil chant their mumbo jumbo before candle-lit rock altars and dismember various animals, usually birds such as crows doves and chickens On one occasion Phillips found the disemboweled remains of a coyote hanging from a tree

great many offenses are drug-re-A lated The Angeles forest's remote campsites are used as labs by drug makers who regularly cook up batches of PCP a common, easy-to-concoct street drug also known as angel dust. A bigger problem is the widespread cultivation of marijuana on federal and state parkland which nets growers at least \$1 billion in California alone To protect their illicit crop, squatter pot farmers in the Angeles forest and elsewhere resort to patrol dogs electronic warning systems and such Viet Nam like tactics as ringing their fields with explosive booby traps planting sharpened bamboo stakes in hidden pits and draping lines of eye-level fishhooks from trees They have sabotaged Park Service vehicles and taken potshots at spray planes and helicopters

The epidemic of crime has cast the Park Service's rangers in a new and uncomfortable role Patrolling the wilderness in their forest-green uniforms and Smokey the Bear hats they can no longer limit their jobs to protecting the woods from careless campers or people from the wilderness As one young ranger at Yellowstone puts it, "Now we have to worry about protecting people from people " --- By Frederic Golden. Reported by

Science



Excavation site of the Great Temple in downtown Mexico City with cathedral in background

Poetry, Serpents and Sacrifice

A long-forgotten Aztec temple is unearthed in Mexico City

or almost two centuries the Aztecs dominated central Mexico Striking out from their capital México-Tenochtitlan, site of present-day Mexico City their soldiers waged war with the efficiency of Roman legions Decked in feathery plumage to simulate serpents and other fearsome creatures they terrorized their neighbors bringing back captives and exacting tribute of food blankets precious metals and cacao beans (for use as mon-

ey) In a bloody annual ritual known as the Raising of Banners, they appeased their chief deity Huitzilopochtli, the war god, by killing their prisoners as well as slaves especially purchased for sacrifice by Aztec merchants. In one recorded debauch some 20 000 victims were allegedly delivered to the god. Without such human offerings, the Aztecs were convinced the world would end.

When Cortes and his fellow conquistadors first glimpsed Tenochtitlán, they had every reason to be astonished Built on an island in Lake Texcoco, it was a thriving metropolis with a population of perhaps 200,000, larger than any European city at the time. It was divided into quadrants, each symbolizing a corner of the world In the center of this cosmos was a complex of temples, the heart and soul of Aztec life The largest, some 15 stories high, as tall as many European cathedrals, was a stepped pyramid topped by two shrines—one dedicated to the rain god Tlaloc the other to Huitzilopochtli. This Great Femple or *El Templo Mayor* as the Spaniards called it was the site of human sacrifice Victims ascended the stairs priests tore out their hearts and the eviscerated bodies were tossed back down. As part of the rite, the Aztecs consumed some of the flesh

Now, after what some scholars regard





El Templo Mayor (overlay) looms over its ruins

as the most important dig in New World archaeology this hub of Aztec civilization has again become the subject of intense interest. Excavating in the very heart of bushing Mexico City, archaeologists have succeeded not only in unearthing the battered remains of the Great Temple but also in recovering some 6 000 objects statues wall carvings, pottery and jewelry as well as human and animal sacrificial remains. Some 100 choice examples from

the dig have gone on exhibit at the American Museum of Natural History in New York until Oct 6

Many of the artifacts are little short of spectacular exquisitely carved horned gods plumed serpents, giant sea shells and grotesquely decorated skulls Not only do they show the skill, imagination and intellect of their Indian craftsmen, but, more important, they offer a revealing perspective on Aztec life For all their obsession with killing and conquest the Aztecs (a name given them by 19th century writers from the word Aztlan, their mythic home in the north) were capable of building aqueducts to bring fresh water to the capital, were skilled agriculturalists, wrote lyrical poetry, admired and preserved the artistry of earlier Mesoamerican civilizations and even kept a zoo

All of this came to an abrupt end in 1521 when the

conquistadors and their Indian allies conquered the Aztecs The Spaniards leveled the temple destroyed much of the statuary and parceled out the land among themselves Though Cortés and other Spaniards-in particular, priest scholars- sent home vivid sometimes exaggerated descriptions and drawings of the Great Temple it soon became little more than a fading memory Over the ruins of the Aztec capital modern Mexico City began to grow Above the sacred precincts rose such major buildings as the National Cathedral the National Palace and the Supreme Court of Justice Except for an occasional reminder of its usence with the discovery of stray Aztec attifact the (neat Temple was virtually forgotten. Even its precise lolation was not known

The door on the Aztec past was opened quite accidentally before dawn on Feb 21 1978. While workers for the Mexico City Light and Power Co were digging a nole near the intersection of Aigentina, and Guatemala.

streets they discovered an oval stone elevn feet in diameter covered with carvings.
Archaeologists quickly identified the relief
is a representation of an important Aztec
nyth. The central image on the stone was
he dismembered torso of Huitzilopoch
it's evil sister. Coyolxauhqui. According
to legend, she had plotted with her many
prothers to kill their mother just as she was
about to give birth to Huitzilopochtli. In-

itead Huitzilopochtli sprang from the womb fully grown and armed decapitated his natricidal sister and chased off his brothers. Some anthropologists read the myth as a cosmic drama in which Huitzilopochtli represents the sun who must each day slay his sister (the moon) and disperse his brothers (the stars) in or-

Rain god Tialoc on vessel





Power Co were digging a Coyolxauhqui Stone, with torso of moon goddess, at foot of shrine note near the intersection of At the center of the cosmos the heart and soul of a powerful empire

der to sustain his mother (the earth)

The stone in almost perfect condition created a sensation. A rumor spread through Mexico City that the workers had found the long-lost treasure of Mociezuma II, the ill-fated Aztec Emperor who was imprisoned by Cortes. But the find turned out to be even more important Spuried by concerned archaeologists, the Mexican government authorized a sys-

temple During 41 2 years of methodical work under the direction of Archaeologist Eduardo Matos Moctezuma (no kin) the diggers uncovered all four of the Great Temple's sides discovering that it was a far more complex structure than early chronicles had suggested Begun in 1325 it was constructed in successive stages each Aztec Emperor making his own contribution by building a new temple on top of his predecessor's So far the archaeologists have sliced into seven major levels plus several minor ones. The bestpreserved is the second, completed in 1390, a date derived from a plaque inscribed with carvings from the 52-year Aztec calendar Lven the bases of the shrines to Huitzilopochtli and Tlaloc remain intact including a strikingly modern motif of parallel lines that may represent rain By contrast the large Coyolxauhqui stone was made bout a century later during the reign of Moctezuma I grandfather of Cortes' victim

stematic excayation of the old

The uncovering of this major Aztec monument in the very center of their capital has stirred a wave of national pride among Mexicans. During the excavation Archaeologist. Matos Moctezuma appeared so often on television he became something of a national celebrity. Colleagues jokingly took to calling the regally bearded scholar Moctezuma III. The excavation itself is scheduled to be opened.

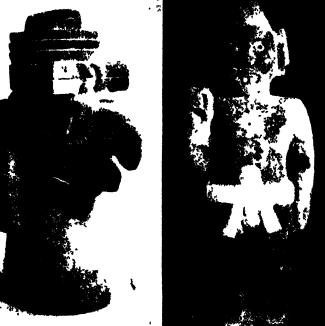
Thanks to Matos Moctezuma and his diggers, it should take visitors only a small leap of the imagination to te-create at least in their minds eye the imposing edifice that the Aztecs erected to their gods

Reported by William Orme Ir./

Tincense vessel with delty's face







ME. AUGUST 16 1982

Music

In Santa Fe, a Worthy Failure

Rochberg's Confidence Man challengingly evokes an older idiom

For more than a decade Composer George Rochberg 64 has been a point man in one of the bitterest musical skirmishes of the postwar era. With the appearance in 1972 of his Third String Quartet, a work at times frankly reminiscent of Beethoven and Mahler Rochberg broke irrevocably from the dominant twelve-tone school of composition to write music that was more tuneful, more accessible and, in his opinion more expressive His apostasy puzzled and angered many of his colleagues, who felt that the tonal system used by the great classical and romantic composers was exhausted Why is George writing beautitul music' Rochberg's wife Gene was asked "We've done that already"

Rochberg has since refined his neotonal style in such works as the String Quartets Nos 4 5 and 6 known collectively as the 'Concord' Quartets after the ensemble for which they were written and the Violin Concerto, premiered by Isaac Stern But his most ambitious rapprochement with the past has come not in instrumental music but in opera The Confidence Mun, with a libretto by Gene Rochberg based on Herman Melville's bleak, cynical novel, is currently on display at the Santa Fe Opera in New Mexico

Alas, the choice of Melville's ninth novel was unwise Written in 1856 when Melville's health and spirits were at a low ebb, The Confidence-Man His Marquerade is a series of vignettes illustrating the venality of human nature Woven throughout is the ever changing persona of the Confidence Man who assumes various guises on board a ship of fools called with typical Melvillean irony the Fidele as it journeys down the Mississippi one April Fools' Day It is a rich, difficult and undertated work, but not one well disposed to operatic adaptation

So the Rochbergs extracted the China Aster episode as the centerpiece of their opera China's story related by one of the novel's characters as a cautionary tale is one-dimensional pressed by a friend to take a \$1,000 loan China a candlemaker.

invests it unwisely, goes broke and dies. This essentially is the plot of the opera, and it is not strong enough to support an evening of musical theater.

Rochberg has done his best to flesh out the unpromising material. The opera his first, is filled with striking set pieces a lyrical duet for China (Tenor Neil Rosenshein) and his wife Annabella (Soprano Sunny Joy Langton) an ominous interview between China and his moneyed friend Orchis (Tenor Michael Fiacco) whose threatening nature is underlined by a snap-pizzicato line in the low strings, a good-natured bibulous ensemble lauding the joys of wine. In his handling of the choruses Rochberg is especially skillful indeed the final chorus extolling the virtue of confidence recalls the Falstaffian spirit of Verdi. For the interpolated minstrel show - the liveliest and dramatically most effective scene although almost entirely unrelated to the rest of the work -Rochberg has composed memorably effervescent mock folk music

The composer has also indulged in one inside joke. As China is debating whether to accept Orchis loan the Angel of Bright Future appears to him encouraging him to take the money in a siren song of haish modernity that reaches



stylistically to Rochberg's use of atonality in the '50s Bright Future (musical modernism") holds out the promise of artistic redemption. But it proves to be an empty, cruel promise best rejected

Ultimately, though these isolated moments are not enough to make The Confidence Man into a coherent operation whole By focusing on China Aster, composer and librettist have made the charactet of the Confidence Man (Baritone Brent Ellis) into a supporting player Whenever they include other episodes from the novel--principally a scene in which the Confidence Man bilks a bai bei out of a shave by appealing to his trust they needlessly distract attention from the main drama. The story of China Aster is not enough the full story of the Confidence Man would be too much

The best observation on the opera's difficulties comes from none other than Melville The heading of Chapter 40 of The Confidence-Man reads In which the tory of China Aster is at second-hand told by one who while not disapproving the moral disclaims the spirit of the style. The grimly humorous spirit of Melville is missing from the opera with nothing substantive to replace it

Yet the failure of The Confidence Man does not necessarily mean a corresponding failure of musical idiom. The quality of Rochberg's lyric invention is high, and the fast-moving sequences such as the minstrel show are handled with dashing technical assurance. Even the two scenes with the angel ironic though they are, display a strong command of modern musical materials. Rochberg has issued a challenge in The Confidence Man to both himself and other composers a challenge No make modern music speak again in the language it inherited from the 18th and 19th centuries Whether it can be done persuasively and unselfconsciously is still to be determined. But for a musical culture that has lost its moorings, the attempt is a worthy one -By Michael Walsh



Baritone Brent Ellis at Santa Fe An ambitious rapprochement with the past

Medicine

High Cost of Arthritis Relief

Adverse side effects temporarily shelve a promising drug

When I li Lilly & Co-introduced Ora-flex last May the new anti-inflammatory drug was hailed as a breakthrough for the 30 million Americans who suffer from arthritis Oraflex (chemical name benoxaprofen) seemed to be less irritating to the stomach than aspiring the staple treatment for arthritis victims. The drug produced side effects notably an increased sensitivity of the skin and nails to the sun but these seemed minor compared with the benefits

Within three months however the promise turned to peril. Several consumer organizations including Ralph Nader's

Health Research Group went to court seeking a ban on the drug as an 'imminent danger Last week spurred by reports that 72 Oraflex takers had died and hundreds had been injured in Britain and the US Lilly said that it was recalling all supplies of the drug Lailier 🗭 that day Britain's Health Ministry suspended the supply and promotion of the drug for 90 days on grounds of safety Meanwhile US officials were considering whether to prosecute the giant international drug firm (1981 phar- FDA's Robert Temple testifies maceutical sales \$1.7 bil- Swamped with paper work lion) for not fully informing

the Food and Drug Administration about the serious adverse reactions to Oraflex

Lilly's action followed hearings before a House subcommittee, during which FDA Commissioner Arthur Hayes Jr said reports of 61 Oraflex-linked deaths in Britain and eleven in the US were under investigation. An internal I DA memo given to the committee charged that in its application for approval of Oraflex in 1980 Lilly had seriously underreported the incidence of some negative side effects, such as failing to acknowledge 65 out of 173 cases of nonfatal adverse reactions (It did report them later) The memo said that some of the firm's reports to the FDA were untrue or incomplete and that Lilly had no explanation for the incomplete reporting But not all the blame is attached to Lilly The head of the IDA's office of new-drug evaluation Dr Robert Temple said that when Lilly later submitted reports that mentioned jaundice as a possible side effect, the FDA was so swamped with paperwork that it overlooked the information, and physicians were not warned of that danger

The suspension of Oraflex in Britain, where it had been sold for the past two years under the name Opren, took place after the Committee on Safety of Medicines the equivalent of the LDA reported that it had received notice of more than 3 500 adverse reactions linked to the drug, including the 61 deaths many of them associated with liver kidney or gastrointestinal damage US consumer groups contend that there was no way that I illy could not have known about the 28 British deaths that occurred prior to the drug's US approval in April Indeed accounts of some deaths from liver disease, all among the elderly were reported to the government in late 1981 and appeared in the Brit-

> ish Medical Journal in May Not long afterward Lilly sent out a letter to US physicians emphasizing that elderly people with impaired kidney of liver functions should not be given the full recommended dosage of the drug Last week a lilly research vice president denied knowing about the British tatalities from liver disease until informed by the IDA in May for his part 1DA Commissioner Haves testified that his agency did not learn of them earlier because we don't have the wherewithal to solicit information from all countries where a drug is used



Lilly, despite its voluntary withdrawal of Oraflex continues to defend the drug Oraflex has had demonstrable good results' on the 1.5 million patients who have taken it. Lilly maintains, and is safe and effective when used as directed. In an earlier statement, Lilly took vigorous exception to any implication that it has withheld data maintained inadequate records or failed to comply with the scientific requirements of the FDA

With any powerful drug there is always a trade-off between the primary, beneficial effect and the cost in deleterious side effects anticancer drugs kill healthy cells as well as malignant ones and some drugs that relieve intense pain are highly addictive. A thorough review of the findings on Oraflex may show that given its benefits the risks are as acceptable as those for other drugs in its class including, significantly aspirin On the other hand it may find that deliberate or inadvertent failure by Lilly to provide necessary but damaging information about Oraflex coupled with a sloppy performance by the IDA allowed on the market a drug whose risks were too high

Press

On the Outs

Moscow expels a US reporter

t was not entirely a surprise to News-

Nagorski 35 when he was summoned to the Foreign Ministry press office early last week. Nagorski a veteran Asia hand. speaks Russian with ease unlike most of the other 25 U.S. correspondents in the USSR and has shown a flan for finding stories that irk the sensibilities of the Kremlin This month for instance Newsweek carried Nagorski's report on the anxieties of draft-age youths in Tajikistan a republic bordering the Soviet client government of parlous Afghanistan Larher he had detailed the fondness of ranking bureauciats for racy Western films that are banned for the Soviet masses, and had exposed the bribes extracted by a circus director who chose which performers traveled abroad. More consequential in April Newsweek nettled the Soviets with a decidedly premature cover story to which



Nagorski

Nagorski contributed de picting Soviet Leader Leonid Brezhnev as a dying man who was losing political control. But Nagorski got more than a routine dressing down Press Ofnce Deputy Director Yuri Viktorov brusquely foreclosed all discussion. Your accreditation as the Vensweek correspondent in Moscow he began is being withdrawn

The action came as a shock. Though American reporters have always faced ofheial harassments none had been expelled since 1977, when George Krimsky of the Associated Press was forced out after giving extensive coverage to Soviet dissidents The charges against Nagorski, which he denied included impersonating a Soviet deputy editor on one occasion and a Polish tourist on another and violating travel restrictions. Col. leagues in Moscow insist that his real crime was diligence. Says Nagorski. The authorities especially dislike a reporter who zeroes in on the feelings of ordinary people. Washington officials view the expulsion as a warning to the Western press corps. The Soviets decided to create an object lesson says one State Department aide

As is its custom, the State Department retaliated for the ouster last week it barred re-entry to the US by Melor Sturua the vacationing chief Washington correspondent for the Soviet newspaper Izvestiva In theory Sturua could return if the Soviets reinstate Nagorski's credentials but that prospect is considered unlikely Indeed Newsweek has already reassigned Nagorski to Rome

Newswatch/Thomas Griffith

The Bite Without the Sting

Not long ago President Reagan remarked "I know that what we've been doing doesn't read well in the Washington Post or the New York Times but believe me it reads well in Peoria" Like most of Reagan's hand-carved one-lineis (which is about all we get these days) this remark was ambiguously simple. It seems a criticism of two papers unpopular with right-wingers but in Reagan fashion it was a bite without a sting. The remark could also be read, suggests David R Gergen the White House's director of communications, as implying that people in Peoria are more receptive to Reagan's message

More receptive than whom, Than those who follow public affairs more closely Decidedly The Reagan Administration more than any before it aims its message to the big television audiences and wastes little time on those who want to follow the fine print Reagan obviously didn't invent the homely example Remember how Roosevelt shrewdly argued for Lend-Lease to Britain justifying it as lending a hose to a neighbor to put out a fire? Nor did Reagan invent the bite-size explanation of policy Gergen, from his speechwitting days for Richard Nixon remembers Nixon's insistence that press statements be less than 100 words long

That way, Nixon said, he and not somebody else controlled how much of what he said got used 'Gergen thinks of Nixon and Carter as two Presidents who boned up and documented a lot Reagan like Eisenhower and Ford prefers to get his information face-to-face rather than from reading 'This is the most oral Administration I know of, 'Geigen says

Gergen spends much time devising visual backdrops for Reagan appearances Outlined against the US Capitol dome, Reagan proclaims his support of a balanced-budget constitutional amendment. In St. Louis his backdrop is grinning black children Last week Reagan tried waging diplomacy by camera White House spokesmen pointedly referred newsmen to how unsmiling the President was in greeting Israel's Foreign Minister Shamir If this was meant to signal a new kind of diplomatic rebuff, it didn't overwhelm the Israelis, who went on bombing Beirut

Reagan has given more prime-time speeches on TV than any other President but only a third as many press conferences as Carter As an actor, Reagan learned that the box office is more important than the critics. Sharp. Reagan: merchandising personality words have appeared about him in print, but



Reagan's only real outburst of White House pique came over TV interviews of the unemployed Not that Reagan totally ignores the printed press After all, in Gergen's view, it provides much of the news and many of the ideas that TV picks up

Reagan occasionally socializes with a few sympathetic print journalists and is not vengeful toward others. He has had conservative Column.st George F Will in to lunch alone twice, and Columnist Patrick Buchanan once. He has gone to dinner at the home of Katharine Graham chairman of the Washington Post Co who many right-wingers think hovers over Washington on a broom

In the Post the other day ex-Senator J William Fulbright recalled, "In the old days, when your speeches were reported in the press, reading was clearly a habit with everybody But in television, it's this sort of instant impression. They always tend to cut down everything to just a fraction. Your reasons are usually left out because they're not flamboyant

Our agreeable and anecdotal President is well suited for a medium that makes the wrathful appear foolish and the meticulous seem boring. But his agreeableness does not totally conceal his stubborn adherence to long-held opinions (which he might call convictions) even when their results are disastrous Fulbright notes that the polls show "disapproval of the policies of this President but still show great approval of him personally. It means he has a fine personality, it has nothing to do with the formulation of wise policy '

That polisters not only measure what the public thinks of a President's policies but must give equal attention to whether he is liked personally says something troublesome about a TV presidency and the skillful merchandising of personality

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"The Search for Alexander," a major loan exhibition of Greek art and artifacts—, is proving to be a very popular exhibit " Chicago IRIBUNE.

"the show is rich in art and artifacts, gold, silver, marble, iron, bronze and clay from the fourth century B C, when Alexander ruled Macedonia and made himself master of Greece, lord of Egypt, sovereign of the great Persian empire, and began the conquest of India."

SMITHSONIAN, Washington, DC

"Spell-binding artifacts from the tomb are included along with other Hellenistic objects in what many scholars consider the most spectacular exhibition of Greek art ever to visit the United States."

the ART gallery Magazine, New York



The Exhibition has been made possible by the National Bank of Greece and TIME Incorporated, and with the cooperation of the Greek Ministry of Culture and Sciences

-Cinema-

Comic's Demons

TEMPFST

Directed by Paul Mazursky Screenplay by Paul Mazursky and Leon Capetanos

hat's the latest equivalent of the comic who wants to play Hamlet' A comic film maker who takes it in mind to rewrite Shakespeare. In the past month the two most distinguished confectors of 70s movie comedy have genuflected before the Bard in order to elevate the adolescent tone of current screen fare First, Woody Allen frolicked midst woodland nymphs in A Midsummer Night's Sex Comedy. Now Paul Mazursky (Boh & Carol & Ied & Alice Harry and Ionto) has gone to an uninhabited island for his gloss on Shakespeare's last great play.



Ringwald, Sarandon, Cassavetes in Tempest The man of iron heading for a melidown

Mazursky's modern Prospero is Phillip Dimitrious (John Cassavetes) a successful Manhattan architect careering toward a nervous breakdown. He loves his actress wife (Gena Rowlands) but is tired of her He loves his 14-year-old daughter (a lovely duckling named Molly Ringwald) without quite understanding his paternal possessiveness of her. His tage expresses itself in sudden lightning storms that streak the Manhattan skies and act as the mysterious percussion to the mad music inside his head. Off he goes to Greece where he finds an earthbound Ariel (the sweetly sensible Susan Sarandon) and finally to his dream isle where he gets to play semibenevolent despot over his Miranda his Ariel and a randy goatherd named Kalibanos (Raul Julia)

Mazursky's best films—Blume in Love and 4n Unmarried Woman—had a lock

on the 70s sensibility. This, one could feel, was the way the American upper middle class attempted to face the new demands of sexual and racial equality. And this was the way a sympathetic comic artist reporting from the inside of the analysand wonderland could transform these demands and dreams into engaging movie narratives But when Mazursky tries to Say It All about modern life, his voice can turn stildent. His valued collaborators, the actors can lose their charm and become stick figures animated ideograms. And his characters plunge deep into their obsessions and forget how arrogant their demons sound when they cry out to be released

In Tempest Mazursky is describing not only a mid-life crisis but metaphorically the need of an artist-entertainer to escape the pressure to be both profitable and profound. I wanna quit. I wanna get out I wanna travel dream wander! Cassavetes exclaims. Mazursky seconds the emotion the only way he knows how by making a movie about not wanting to be involved in the business of moviemaking Eventually, though, the artist must return home chaste and chastened The climax of this two-hour 20-minute odyssey is a series of ecstatic helicopter shots over Lower Manhattan It is a refreshing vision---like a creme de menthe sipped at twilight in the Windows on the World, 107 stories above the only dream isle our moviemaking Prospero could live in for long or forever -- By Richard Corliss

Thief's Honor

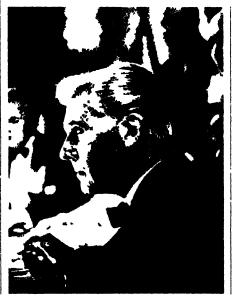
BOBIE HAMBEUR
Directed and Written by
Jean-Pierre Melville

Let a silver-haired and there is a certain heaviness in his stride, too many neon midnights too many grav-lit dawns. But if he is weary he is not yet expircal if his luck is currently as battered as his trench coat his streetwise honor has been burnished instead of tarnished by hard use. He is Bob the Gambler out to rob the casino at Deauville, and he is the only certifiable grownup now appearing as a hero on any American screen outside of the revival houses or the late shows.

Makes serve Bob who is played (by Roger Duchesne) and written without a wasted word or gesture is the product of another time and place Paris 1955. It was a period when French cinéasies noted that two things they admired. American genie movies and existential philosophy had one thing in common an admiration for the heroic figure who defined himself and his code of personal honor by plain action rather than fancy words. Writer-Director Melville (who was born Jean-Pietre Grumbach borrowed his nom de screen from his favorite. American novelist, and died in 1973) was then very much a cantankerous.

outsider in the world of official French cinema. To scrape up the financing for *Bob*. Melville had to be a kind of existential hero himself. It says something about the lack of heroism among US distributors that this gloriously wry and romantic film has taken 27 years to atrive here especially since Melville did finally achieve international repute as the 'father of the new wave (Ciodard, Truffaut, *et al.*)

Bob has paternal responsibilities too. The son of a colleague in his former life as a bank robber is now his protege, and there is a pretty girl he has rescued from street-walking both must be shown how to live honorably. His aging self and reputation must also be refui bished both are under assault from his losing streak and from an enemy who hates sharing the world with a man of Bob's quality. And out there glimmering is the casino with its huge nightly take stashed in a crackable safe. It offers him a victimless crime and a chance to tie.



Roger Duchesne in Bob le Flambeur

The man of integrity on a losing streak

up all his life's loose ends. The plot comes to a conclusion that is astonishing because it is unexpected and because it satisfies the law and our moral sense But story is the least of Bob le Flambeur's pleasures This film is about a casino heist the way the other Melville's great novel is about a big bad whale. The film's true subject is how a man of a certain integrity (however sleazy his profession) lives in a world that does not set much store by that quality. It is about how such a man orders a meal talks to a policeman or enters his apartment alone, with no one to impress except his own sense of himself Constructed out of a thousand persuasive details. Bob is the rarest kind of fantasy figure the kind you would like to be of course, but also the kind you think, for just a moment you could be If only in the way you light your cigarette ---By Richard Schickel

Theater

Yumanian Reunion in Minneapolis

Two directors from Bucharest restage Faulknes and Figuro

inneapolis could be the Midwest's dream of itself. Swaths f verdant farm land radiate from ne Twin Cities to outlying towns ke spokes on the wheels of a bicyle built for two The sleek skycrapers along Nicollet Avenue upport a canopy of planetarium tais in a smogless evening sky. In oring Park through which Mary yler Moore used to jog on her way work at the WJM-IV newstoom, rousands of goldfish huddle invit-Fely in a sculptured pond. On a reent Saturday night a wagon train Lautos streamed into a huge field or the summer's first football ame. And across the street from hat field on the thrust stage of the authric Theater two adventurous tumanians were toiling to expand ie scope of U.S. regional theater

This is the second year of Liviu iulers tenure as the Guthrie's arstic director, last season his aclaimed stagings of The Tempest nd 4s You Like It helped win the 963 Sir Tyrone Guthrie opened the

neater as a home (indeed a modernist nansion) for the classical repettory. At 1st that time Ciulci who was presiding ver the tenowned Bulandra Theater in sucharest hired a university student amed Andrei Serban to direct Julius aesar With that production performed 1 Kabuki style Serban established his -putation for radical reinterpretation of he classics, and since then he has staged lays and operas in Europe and the US In 974 Ciulei followed his student to Ameria where he proved himself a wizardly lingeon among directors, able to cut to the cart of a play or a character without lacrating the flesh of the text

Now Ciulei has brought Serban to linneapolis for a Rumanian reunion uriously both directors selected "seuels for their summer offerings Wilam Faulkner's Requiem for a Nun hich Ciulei has staged is a continuation f the story of Temple Drake first told in anctuary Serban's choice The Marriage f Figuro, is the second play in Beaumarhais's Figaro trilogy preceded by The

ber of Seville and succeeded by The wilty Mother The new productions proide an instructive study in contrasts beween dark and light stark and starkers meral and carnival Southern Gothic agedy and Age of Enlightenment farce

In Requiem for a Nun the past is evtything a guilty past that seeps through ne soul's pores like Delta humidity



ompany record ticket revenue and Burns and Stram in Andrei Serban's new Marriage of Figaro return to the national spotlight. In Parading its ebullience as a form of comic shock theraps

When Temple Drake was an Ole Miss coed in the 1920s she and her beau Gowan Stevens met up with a vicious bootlegger named Popeye who abused Temple beyond pain perhaps into a kind of rancid ecstasy. Light years later when Requiem begins Temple and Gowan are married and have had two children one of whom has been killed by Nancy a dope-fiend nigger whore who served as the children's nurse. The play like Oedipus Rex is a detective story that tracks truths its characters would not reveal to others or themselves

In Jack Barkla's stage design Temple's home looks like a high-tech waiting room outside the Second Circle of Hell The back wall is draped with layers of muslin on which photographs of a naked battered woman are projected a slide show of the brutal male libido and of Temple's nightmare past. At moments of high tension a fluty electric whine is heard, punctuated by the basso Kozlowski in Requiem rumble of a telltale heart. The

climax is signaled by blinding lights --shock cuts to a revelation

This is minimalist melodiama and Ciulei's actors do it full justice. Richard Frank's Gowan has the courtly sarcasm of a 'gentleman who long ago came to terms with the impotence of his spirit Bill

Moor as Gowan's lawyer uncle looks like Faulkner and walks with the heavy grace of a decent man who has lead weights on his conscience. Linda Kozlowski is Faulkner's Temple from her smart cheekbones

> to her chiseled calves, she stands with a finishing-school posture inverted into sexual arrogance. Only the nervous tremolo in her voice betrays her and cues the audience for explosions to come. Ciulei's discreet staging guarantees that they will be heard only in the distance through the shuttered windows of Southern gentility

> 1 Requiem works hard to keep its theatrical current at low voltage Serban's Figuro parades its ebullience as a form of comic shock therapy. On a bare stage backed by sliding panels and a wall of funhouse Mylar the cast plays out Beaumarchais's delicious romantic satire at Mach 2 speed. Characters whirl about on bicycles and roller skates one actor executes a belly flop on a skate board as it barrels down a steep ramp. Figuro (Robert Dorfman) does acrobatics on a giant swing gaily stranded between the lands of Burnum and Dr. Pepper Marceline (Catherine Burns), a punk Garbo who loves Ligaro almost like a mother gets around in a large shopping cart. Her adviser

Bartholo (Henry Stram) is a sprightly blind hunchback out of Buñuel The mad Bazile (Richard Ooms) a Charles Nelson Reilly in whiteface zooms across the stage in a wheelchair. Of all these precocious children, the most hyperactive is Jana Schneider as Ligaro's francee Suzanne She eats money trills her is growls and meows, wriggles her toes and writhes out of her clothes, imitates Javne Mansfield's squeal and Bert Lahr's whinny She is the woman as child the clown as sex goddess. It is a neck-breaking starmaking performance

Thisain (Mozait folks But it may be Beaumarchais who helped liberate 18th century French theater from Alexandrine verse and in the process scourged his patron. King Louis XVI Returning the layor I ouis declared. If this play were to be performed the Bastille would have to be pulled down first - and a few years later the revolutionaries of 1789 came close to doing just that The Guthrie is sturdier it is weath-



ering and flourishing under the reign of its radical Rumanians. It has also shown that in Minneapolis. Liviu Ciulei can direct an American play with the naturalistic discipline of Llia Kazan, and Andrei Serban harbors the spirits of Tommy Tune and Ken Russell -- By Richard Corliss

Books-

Dr. Doomsday's Sunshine Scenario

THE COMING BOOM by Herman Kahn, Simon & Schuster, 237 pages, \$14 95

he latest sooth, says the veteran thinktank commander Herman Kahn, is that prosperity and stability are probably just around the next bell curve Barring bad luck and bad management, the last 18 years of the century should see higher productivity, lower inflation and a resurgence of traditional values. This upbeat news comes from a man who has taken a particular pleasure in bucking intellectual trends. Kahn a cofounder and director of the Hudson Institute, infuriated liberals of the early '60s with two books that can still start an argument On Thermonuclear War and Thinking About the Unthinkable asserted a simple premise since an exchange of atomic weapons was possible, speculation on the circumstances and consequences of such conflict was natural and useful

Kahn gave the public one of its first looks at the world of war games and doomsday scenarios, linkages of events that could trigger a nuclear catastrophe. It all read like a strange new genre a nonfiction science fiction for an age of 'value-neutral" technocrats. Predictably traditional humanists who felt their influence

slipping considered Kahn's intellectual game playing to be an amoral acceptance of mass annihilation. Kahn is, in fact, a conservative moralist. He is also a systems evangelist who puts his faith in the power of reason and works hard to appear more holistic than thou. I he result is a fast-talking all-inclusive style that announces to laymen and rival alike 'My big picture is bigger than your big picture'.

And getting bigger It would be futile to put a frame around The Coming Boom The book is more like a sprawling by-thenumbers kit used to paint the dome of a new Renaissance chapel. There the enervated finger of post-industrial Adam is about to be plugged into the socket of divine science. One can even find a title for this vaulting masterpiece CT It stands for command control communications computing information and intelligence Kahn is not too specific about command and control. His discussion of C412 s other components describes an information network that he believes should enable government and business to make faster and better decisions. What of the Big Brother potential? He admits the danger but with the impatience for outside skepties that characterizes his book, he concludes that the benefits of massive data banks would outweigh the risks

Ahn's sunshine scenario has no room for the critics he labels neo-liberal symbolists. Again, the author is soft on specifics. His futurology appears to be identifying a group as yet unborn. Perhaps "neo-liberal is simply a term invented to oppose" neo-conservative. The derisive use of 'symbolists' suggests that the author himself does not communicate in symbols. He does What in fact, are words and pseudomathematical formulations like C412?

Kahn seeks to project a lofty vision in which high tech creates pure information that experts like himself analyze and turn into policy options. He speaks the language of government and business. The objects of his criticism are frequently dead horses the romantic rebels of the '60s and the insular faddists of the '70s. He applauds Reaganomics but doubts that the present Administration has the technical skills to fulfill its ideology.

Then why expect a boom? Kahn's broadest reason is apolitical a slowing of population growth and a continuing rise in gross world product should mean that there will be more to go around in the US he offers the possibility of a \$5 trillion gross national product in 2000 that would mean a per capita income of about \$20,000 There is no prediction about how

this wealth will trickle to 250 million Americans. There is guarded optimism about inflation. Inflation, of course, is very thinkable though Kahn's thoughts on how to deal with it are fairly familiar. They include indexing, creative financing, energy policies and a modified yes on a worldwide gold standard.

The Coming Boom is as its title booms a call to optimism The question is How much" If the book's promise is taken at face value, the reader will be disappointed Kahn occasionally sounds like Annie singing 'Iomorrow row' But these strained high notes are immediately followed by flat-out qualification ifs maybes and Scotch verdicts, which he describes as good enough for our purposes. The small print in this social contract gets irritating. One sentence announces a new dynamism but the next pulls back to a good possibility for substantial improvement. Some paragraphs seem to have been written in a kind of probable-perfect tense (see Excerpt)

Kahn would be a more convincing positive thinker if he stopped trying to bully readers with his raw intelligence. His practice of blitzing an audience with conjecture and perceptions as if they were facts may be stimulating in a lecture hall but is unsatisfying in a book. His proposal to promote conservative virtues with con-

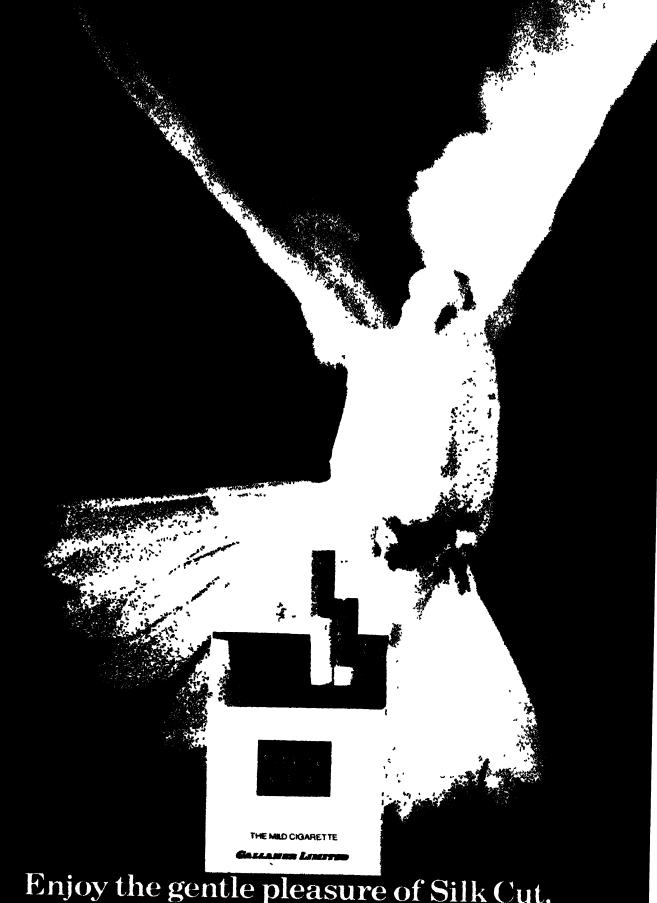
Excerpt

The United States will not exceed (or even return to) the relative dynamism of the 1950s. when it was less dynamic in terms of its rate of economic growth than it had been in its first 'good' era (1886-1913), and did not even show any catch-up phenomena to make up for the 'bad' years (1914-1947) as almost all other advanced economies did . . The United States is now rich enough, and 'post-industrial' enough, that long-term social limits to growth are beginning to take effect Even if it has a successful revitalization, its potential for long-term economic growth will still begin to slow down . . . The relative 'stagnation' which results from this is due less to physical opnstraints than to specific acts of mismanagement, to new emphases . . . to growing hostility to 'creative destruction, and to other social limits. But despite these likely long-term trends, and barring major setbacks (whether originating in the Middle East, the Soviet bloc, the OFEC countries, or the United States), we think domestic revitalization--is a matter of when, hot if



Herman Kahn

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Books

You are not to blame if a man becomes a refugee.

You are, if he continues to be one.

ferences and public relations campaigns, as if values were so many hamburgers, is simply materialism as usual. The spirit gets only lip service which is no way to build lasting confidence. Investors in *The Coming Boom* should be careful. At times like these, one can never be too thin or too diversified.—By R.Z. Sheppard.

Glowworm

CHURCHILL YOUNG MAN IN A HURRY (1874-1915) by Ted Morgan Simon & Schuster 607 pages, \$22 50

am often struck at the limitations with which men of power pay the price for their domination over mankind" So remarked Henry James after being snubbed at a 1915 dinner party by Winston Churchill Then 40 years old the bumptious First Lord of the Admiralty seemed fated to become the youngest Prime Minister in modern English history But as the old novelist suggested, the cost of rising was exorbitant. Before the year was out, the promising Cabinet Minister was forced from government and self-exiled to the trenches in France as a common line officer Destiny observes Biographer Ted Morgan, was on holiday

I his richly documented chronicle of Churchill's first four decades by the versatile biographer and journalist (Maugham Rowing Toward Eden) catches Churchill on all fours. Here, the world statesman is still a vote-grabbing politician, and the supreme war strategist a romantic blunderer. The omnipresent cigar, the V sign and the stentorian voice on the wireless are a World War away.

Winston inherited from his father Randolph a gift for contentious politics and the tactics to prevail Winston's beautiful American mother, nee Jennie Jerome, provided another legacy absolute self-absorption By one account she took 200 lovers, and after Randolph's early death from syphilis married a former Scots Guardsman 16 days older than her son As a boy, Winston made few friends at Harrow or Sandhurst, but his self-confidence remained unshaken At 32, the young Under Secretary of the Colonial Office stated, "We are all worms But I do believe I am a glowworm"

The glowworm rode straight into controversy He covered the Cuban revolution in 1895 as a journalist, fought at the Khyber Pass, and joined the last great cavalry charge in British history with Kitchener in the Sudan Captured by Boers in South Africa Winston was confined to a prison camp His escape was neoclassic Churchill He used a route fellow officers had worked out, but went alone He had read his Nelson carefully The admiral advised that victory depended on being there a quarter of an hour before the other fellows

That phrase might have served on Churchill's coat of arms Back home, in Parliament he became a master of publicity Violence in Belfast surrounded his preachings for Irish home rule. Even his worst notions drew attention. He offered a bizarre plan to incarcerate and sterilize the mentally ill. Feeble-minded girls," he said, "are the easy prey of vice and hand on their own insanity with unerring and unfailing fertility. The scheme was unworkable, the controversy precedented

As Morgan shows, Churchill was never disturbed by such failures Legislation was only his interest language was his love. The famous oratorical style was not, as he liked listeners to think, a British invention. It was derived from an obscure Tammany Hall politician Churchill met in 1895 in the US on his way to Cuba.



Ted Morgan
Catching his subject on all fours

New York Irishman Bourke Cockran (who had been one of Jennie's lovers), wrote Churchill, was the best speaker he ever heard, 'in point, in pith, in rotundity, in antithesis and in comprehension"

In 1915 the First Lord used his grandiloquence to convince the Admiralty and War Council that an easy defeat of the Turks at the Dardanelles would divert German troops from the stalemated war in France A mismanagement of the Gallipoli landing, followed by the slaughter of thousands of British troops, ended Churchill's Cabinet tenure. He responded with Edwardian venom, reviling the inept General Charles Monro, who had recommended evacuation "I should like him to starve, to starve without a pension in a suburban hovel facing a red brick wall."

In fact, Churchill himself evaded just such a fate by his own remarkable staying power By the end of the war, he would have neither much money nor reputation By all political standards, he was in eclipse Yet England's greatest 20th cen-



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Hans Herzog



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tury statesman was only beginning to make his move

Throughout, Morgan is as tenacious as his subject working with admirable intensity but a strange lack of proportion A polo match, for instance, is given equal weight and space with the start of Churchill's celebrated 57-year marriage to Clementine Hozier Still, Churchillians must be grateful There are many other books on Sir Winston, but it would take a shelf to house what Morgan presents between two covers The only comparable work 4,000-plus pages of the official (and incomplete) biography started by Son Randolph Churchill and continued by Historian Martin Gilbert Morgan's biography finishes in 1915, but no matter Everyone knows the figurehead, it is the failures that intrigue ---By J.D. Reed

Editors' Choice

FICTION: The Anatolian, Elia Kazan Aunt Julia and the Scriptwriter Mario Vargas Llosa • Family Trade, James Curroll . Famous Last Words Timothy Findley . The Girl of the Sea of Cortez, Peter Benchley The Woods, David Plante

NONFICTION: The Correspondence of Boris Pasteinak and Olga Freidenberg, edited by Elliott Mossman . Going to the Dance, Arlene Croce . The Killing of Bonnie Garland Willard Gaylin Love, Lleanor Joseph P Lash Midnights, Alec Wilkinson • The Red Smith Reader, edited by Dave Anderson

Best Sellers

FICTION

- 1 Different Seasons, King
- 2 The Prodigal Daughter, Archer (4 last week)
- 3 Cinnamon Skin MacDonald (2)
- 4 The Parsifal Mosaic, Ludlum (3)
- The Case of Lucy Bending, Sanders (1)
- The One Tree, Donaldson (5)
- 7 The Man from St Petersburg, Follett (6)
- North and South, Jakes (8) 9 Eden Burning Plain (7)
- 10 Touch the Devil Higgins (10)

NONFICTION

- 1 Life Extension Pearson and Shaw (6)
- 2 Jane Fonda's Workout Book, Fonda (1)
- 3 Living, Loving, and Learning, Buscaglia (2)
- Princess, Lacey (3)
- 5 When Bad Things Happen to Good People, Kushner (5)
- 6 Richard Simmons' Never-Say-Diet Cookbook, Simmons (4)
- No Bad Dogs, Woodhouse (7)
- How to Make Love to a Woman. Morgenstern (8)
- Speak Up with Confidence, Valenti
- 10. A Few Minutes with Andy Rooney, Roonev (9)

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Letters

Herpes Epidemic

To the Editors

Your article on this incurable virus [Aug 2] described a feared and often misunderstood health problem in a brief, comprehensive and understandable manner. An educated public is essential in learning to live with the disease and the threat of contracting it, and ultimately in avoiding its propagation.

Eileen J Bell Fullerton Calif

Perhaps today's sexual liberation is more restrictive than old-fashioned morality ever was'

Frank W Schnitzler Manasquan N J



Although your intentions are laudable, you seem to taunt those individuals who are not stern believers in sexual austerity. The message appears to be that anyone who gets herpes certainly deserves it and that it is a damn good thing this epidemic came along to bring back the good old days.

Joel Ratner Beachwood Ohio

The litany changes It used to be "Your place or mine?" Now it is "Do you have herpes?"

Willis O Preston Jr Newark, Del

I never had a chance to become a sexual hedonist because I was too old for the sexual revolution Now, thanks to herpes, I can stop regretting having missed it

Robert Young Deerfield, Ill

Thanks to herpes, people have begun to question the doubtful freedom of the sexual revolution in Western society. It is time to realize that there is more to human life than just easy sex and superficial enjoyment.

Elisabeth Reichenbach West Berlin The story on the herpes epidemic not only reports public hysteria but participates in promoting it One simple, helpful fact, vital to prevention, is that herpes is almost exclusively transmitted during its active phase Herpes victims do not have to withdraw emotionally or sexually during the dormant phase which is most of the time

The majority of herpes sufferers are not destroyed or unalterably changed by their condition Panic only leads to stress, and stress is a major contributor to recurrences. We favor rational education and an expanded research effort as the best ways to fight herpes.

Robert Weinreb Executive Director National Herpes Research Foundation Fort Lauderdale Fla

I wonder how many readers statted itching, burning, looking for lesions, reviewing past activities and muttering promises about the future Good giref you could be changing America's sexual behavior more than Hugh Hefner and Bob Guccione combined

Diane Morrisett
Austin

Pipeline Problems

When will President Reagan begin to realize that the European allies are not his marionettes to manipulate but sovereign states with their own requirements and foreign policies? We do not want to be lectured on the potential risks of the pipeline deal with the USSR [Aug 2] by someone who is selling grain to the Soviet Union. This impudent attitude, along with America's high interest rates, which are seriously endangering. European economies, is bound eventually to wreck the Western alliance.

Robert Gruber Munich

I.R.A. Bombings

How a cold-blooded attack on a military band and a troop of men riding beautiful horses on parade in London [Aug 2] will help to liberate Ulster is a puzzle Bombs and bullets are not the solution to this intractable problem. The Protestants of Northern Ireland are not likely to surrender their lives to the tender mercies of the I R A.

Robert A Pinkerton Toronto

I am shocked by the explosions in England and, as a Briton and naturalized US citizen, object strongly to American involvement in these IRA terrorist attacks on the innocent. It is common knowledge that arms and financial aid to the IRA are sent by Americans, and with an ease that smacks of turning a blind eye.

Alan McGlinn Webb Lakewood, Colo

Celebration in Masaya

With your story "Challenge from the Contras [Aug 2], there is a photograph of members of the Directorate of the Sandinist National Liberation Front, making it appear that they were celebrating the third anniversary of the Sandinist Popular Revolution in Moscow The photograph actually was taken in the city of Masaya. Nicaragua, on the 19th of July of this year I do not believe that there was any ill will on the part of your magazine, but rather an involuntary error in the picture caption Nonetheless, this does not help international understanding of the difficult situation that Nicaragua and the jest of Central America face today

Francisco Fiallos Navarro Ambassador of Nicaragua Washington, D C

TIME regrets the error, which occurred in typesetting

Thirst for Great Lakes Water

In response to your story about waterpoor states tapping the Great Lakes [Aug 2], I say the Sunbelt can take the people out of the Great Lakes region, but it will never take our water without a fight

> Michael H Cameron Schaumburg Ill

Our regional pride has been wounded and our heating bills have soared higher than a Texas oil gusher. Now that other states aquifers have been sucked almost dry, they look to our Great Lakes for water Nevei, I say! Let them eat their desert sand and drink their petroleum reserves.

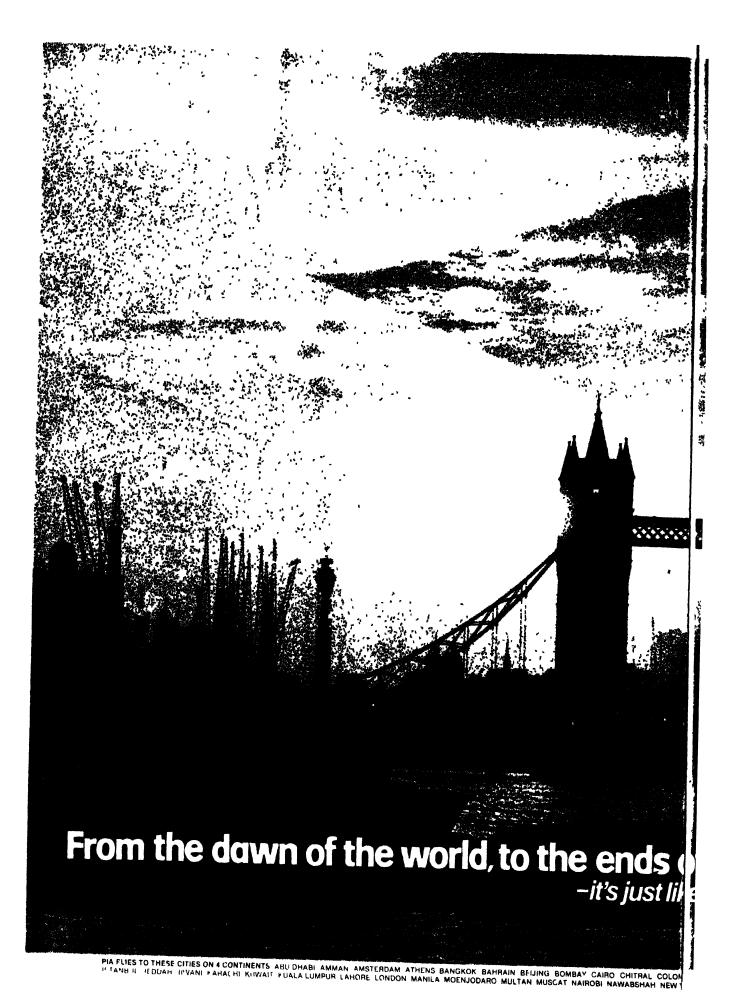
Malcolm M Lawrence Pittsford, N Y

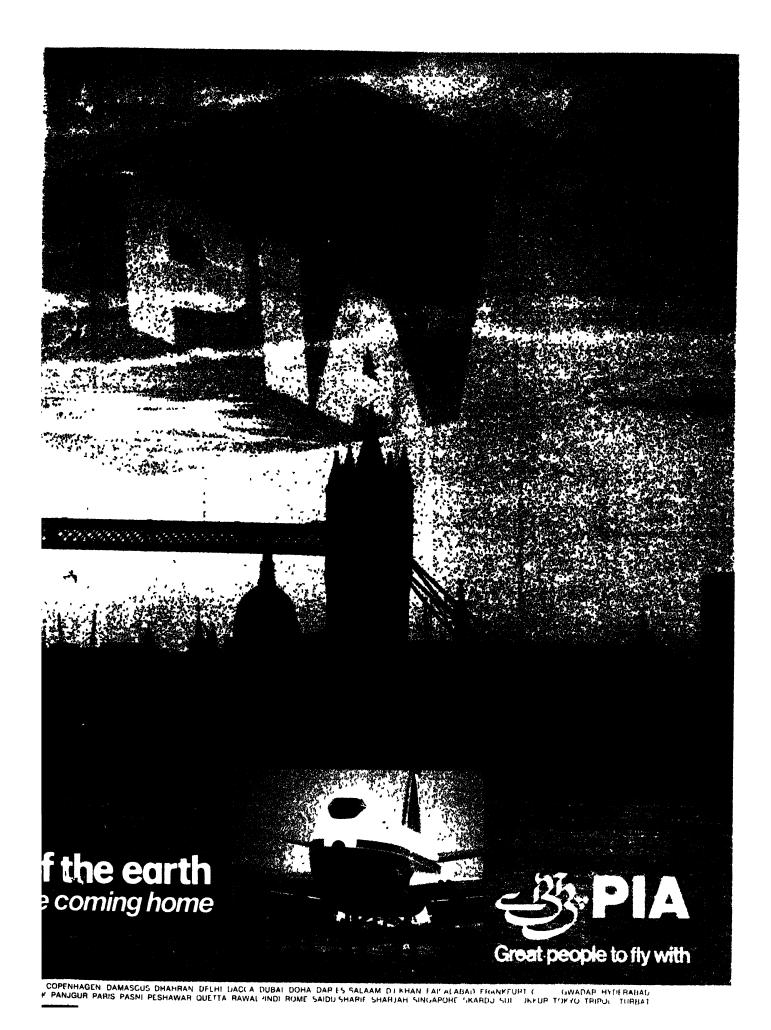
Building New York's Subway Cars

Your story on the award of a contract for New York City subway cars [July 26] is somewhat misleading. You refer to the loss of the contract by the Budd Co of Troy, Mich, to Canada's Bombardier Inc, but neglect to mention that the cars will be assembled in Bombardier's US plant in Barre, Vt You imply that several hundred jobs will be lost to Budd, but ignore the new jobs that will be created with Bombardier in Vermont, and also those that will be saved at Westinghouse Electric in New York, where motors and other assemblies will be manufactured It is somewhat disheartening to those of us who worked so hard to bring Bombardier to the US to have our local plant labeled in effect a "foreign bidder"

Alan H Noyes, President, Central Vermont Economic Development Corp Barre, Vt

LETTERS TO THE EDITOR should be addressed to TIML Letters, Time & Life Building 3-6, 2-chorie Ohtemachi, Chiyodaku, Tokyo 100, Japan, and should include the writer's full name address and home telephone Letters may be edited for purposes of clarity or space





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A Letter from the Publisher

he standards that TIME sets for its reporting and writing apply equally to the pictures that illustrate its stories When the editors decided on this week's cover story on the US Government's biggest land sale of the century, Picture Researcher

Julia Richer began by putting together a list of 25 property sites across the country that seemed to have photographic potential She also talked with New York Bureau Chief Peter Stoler, who wrote the story and asked picture researchers in TIMI's news bureaus for detailed recommendations about the sites Richer then narrowed the list to twelve and matched them to photographers who she thought would be especially interested in each area

The most obvious match-up was Freelance Photographer Baron Wol- Photographer Wolman in his single-engine plane man who shot the opening photo of the

Coast Guard light station at Point Sur in California Last year Wolman who has his own Cessna published California from the An The Golden Coast He knew Point Sur well and says, "I fell in love with it again. Photographer Steve I iss had a less aesthetic vista at Bucks Harbor Me a surplus airbase After checking every conceivable camera angle on the ground, he concluded reluctantly that he like Wolman would have to fly

For Werner Stoy, who chartered a helicopter to photograph Fort DeRussy on Waikiki Beach in Hawaii, the problem was not trees but dense commercial high-rise developments surrounding the land which made it difficult for his pilot to maneuver David Falconer was luckier. He expected visibility problems when he rented a plane to shoot pictures of Oregon's

'I'm petrified of planes, says Liss 'especially small ones

KEN PRIEDMAN Bald Mountain Lookout But shortly before he arrived light broke through the soup-thick clouds just long enough

Dan Morrill's assignment was 1,300 acres of prairie land near Johet, Ill The prairie is beautiful to a botanist or an agronomist but it's difficult to show to the average person pictorially 'says Morrill The beauty is in the details not the overall look of the land James Balog who specializes in nature photography was stumped at first by the and terrain of the 280 acres near the Keyhole Reservoir in Wyoming Then on a hunch, he waited for nightfall

when a rising moon provided an intriguing mix of shadow and light. The result like the five other pictures chosen for the story shows none of the second thoughts, false starts and doubts that preceded the final image. And that is just as it is supposed to be

Index



Cover: Led by James Watt the Administration prepares to sell 35 million acres of federal land to raise funds and reduce the size of Government Environmentalists predict poor land use at public expense See UNITED STATES

World: Armenian terrorists, backed by a venomous and relentless hatred of Turkey, try to right old wrongs with a campaign of violence ▶ Japan's plans to rewrite its history textbooks prompt protests throughout

the Far East

Sport: Once a game for kings and nobles horse racing now belongs to moguls and financial princes. The bets are in millions of dollars and the action is in the Thoroughbred mating barns and auction yards not at the race track

United States: Rea-

▶ The Baker group

moderate course ► A

conversation with the

▶ Donovan s worries

puts Reagan on a

President > Food

stamps into cash

are not over

on the tax hike

gan stakes his prestige



Middle East: Israel's new assault on West Benut enrages Reagan who upbraids Bcgin for it The invasion of Lebanon changes geopolities in the region and gives the U.S. a new opportunity to work for peace See WORLD

Cover: Illustration by Mark Hess



Cinema: He has been called a national treasure and one of the great actors of his generation but Henry Fonda is perhaps best remembered for the was he embodied a piece of the one big soul that belongs to everybody

1 Letters

35 Sexes

50 Law

37 People

51 Environment

40 Business

18

45 Education

46 Design

53 Books

47 Medicine

51 Milestones

52 Show Business



From the Oval Office, Reagan talks to Begin in Jerusalem, at left, Secretary of State Shultz

MARY ANNE ! A: NEMAL THE WHITE HOU

World

TIME AUGUST 23 1982

MIDDLL FASI

"Menachem, Shalom"

Those were Reagan's final words to Begin, but his message was "outrage"

t was a few minutes past 11 o clock last Thursday morning when the President of the US after an hour of trying finally managed to get through by telephone to the Prime Minister of Israel In a cold fury, Ronald Reagan told Menachem Begin of his 'outrage that at the very moment when a negotiated settlement for the evacuation of Palestine Liberation Organization guerrillas appeared to be in sight the Israeli armed forces were conducting their most severe air blitz of West Benut Virtually shouting the President said that he was shocked at the Israeli attack which he said had caused "needless destruction and bloodshed. The Israeli Prime Minister seemed incredulous although in fact he had been expecting the President's call and dreading it Begin assured Reagan that he had already ordered another cease-fire in Beirut. The two men spoke again about 20 minutes later, and, somewhat encouraged the President closed the conversation on a more friendly note. Using the customary Hebiew greeting ('Peace') he said farewell to Begin 'Menachem shalom'

Those extraordinary conversations ended one of the ughest and most mexplicable actions of the ten-week war. In the hills southeast of Beirut US Negotiator

Philip Habib had already secured an agreement in principle that would lead to the evacuation from Lebanon of the 6 000 to 9 000 PLO fighting men in West Beriut He had just about completed the artangements for the transfer of the departing PLO forces to other Arab countries, leaving only a few relatively unimportant details still to be settled. The Israelis knew he was making progress yet they continued to bomb and shell. West Berrut on Monday Tuesday and Wednesday.

Finally on Thursday they launched the most intensive bombardment of the war. For eleven hours, from 6 a m. until 5 p.m. Israeli waipianes --more than 60 according to Beirut reports—dropped their payloads of death and destruction on the besieged city making some 220 bombing runs in all. Israeli gunboats offshore and artillery in the hills joined in the attack. By the time the cease-fire went into effect in late afternoon at least 156 people had been killed and some 400 wounded. Some 800 dwellings had been destroyed.

Inevitably the Thursday attack brought an abrupt halt to the peace talks Lebanese Prime Minister Chafik al Wazzan who had been serving as an intermediary between the PLO and the American negotiators declared that he

could no longer continue to participate while his beloved Beirut' was being bombarded With tears of outrage in his eyes the Prime Minister told Habib that if the Israelis were bent on destroying Beirut and its people then let them kill us all now and get it over with, and let you and the US bear the consequences Wazzan's performance was both heartfelt and effective So was the telephone call that PLO Chairman Yasser Arafat made that day to Saudi Arabia's King Fahd asking for his assistance in stopping the onslaught Lnraged by what Arafat told him about the ongoing bombing Fahd promised to call Reagan and demand that the carnage cease And so he did, reaching the White House scarcely ten minutes before Reagan got through to Begin

hat particularly shocked the war-weary Lebanese capital was the nature of the Thursday assault. If a negotiated settlement was almost at hand why were the Israelis attacking with such ferocity? Why did they find it necessary to strafe apartment buildings and boulevards? The jets were flying so low that their markings were clearly visible, their noise a deafening howl. On the ground, Western corre-

spondents wondered if the Israeli military was about to raze the entire city

But even as the bombs were falling on Beirut, a political storm was raging in Jerusalem. At its epicenter was the roughhewn Israeli Defense Minister, Ariel Sharon, who had directed the invasion of Lebanon from the beginning. Apparently wanting to destroy as much of the PLO as he could before being obliged to accept a permanent cease-fire in Lebanon, Sharon had paid less and less attention to what his colleagues in the Begin government were thinking and had begun launching operations on his own authority.

Throughout most of the war, Begin had sided with his Defense Minister, but there were signs of a split between the two men even before Thursday's attack. As Cabinet ministers complained more and more openly that they were not being informed, let alone consulted on the progress of the war Begin remarked, in an obvious gibe at Sharon "I always know everything that

goes on, either beforehand or afterward "
The Thursday blitz of Beirut had been under way for four hours when the Israeli parliament met in Jerusalem in special session. As former Chief of Staff Haim Bar-Lev, speaking for the opposition Labor Party, tried to open a discussion on the war he was noisily interrupted by two members of the Democratic Front, the Israeli Communist Party Shouted one "At this very moment women and children are being murdered in Beirut." Added the other "Stop the murder! Stop the bombing!" When order had been restored, Bar-

Lev spoke of the damage that had been done to Israel by its bombing of civilians in Lebanon, emphasizing that "the war has gone beyond our direct security needs"

Begin replied to the criticism in an 87-minute speech, his longest in the Knesset since he became Prime Minister Then the debate shifted to a special Cabinet meeting, which had been called by Sharon himself Although the burly ex-general had been running the war more and more on his own, on this occasion he solicited the Cabinet's support for a series of tactical moves around Beirut as part of the Israelis' continuing effort to strengthen their military positions Deputy Prime Minister Simcha Ehrlich, who had generally supported Sharon in the past, immediately declared that the reducest was out of the question faking up the argument, the Moroccan-born David Levy, another Deputy Prime Minister, who has been a consistent critic of Sharon, declared, "The country is confused Government decisions are being violated steps are being taken without government approval These things are endangering the



marked, in an obvious gibe at Sha- Begin defending his Lebanon policy in the Knesset

[Habib] agreement and our relations with the US"

In reply, Sharon said that he had merely been trying to protect the lives of Israeli soldiers. To that retoit Begin snapped, "You are no more responsible for the lives of the soldiers than anyone else around this table. Sharon continued to argue that the Israeli forces must improve their military positions in Beirut before any evacuation of the PI O could begin but this time his colleagues were having none of it. What is the point of these bombings?" demanded Begin. 'Io



Sharon giving a briefing last week in Tel Aviv
"I did what I had to do I accept the Cabinet's will

put [political] gains at risk?" When Sharon became testy, Begin told him, "Don't raise your voice You should know who is conducting things here You should remember that the government is the commander of the army."

Later, summing up, Begin told his Cabinet "I don't like the idea that in an hour or two from now, I'll get a message from President Reagan saying he insists that we stop the air strikes and military movements in Beirut I don't want anyone in the US to think that we have a government that cannot control the conduct of the war I recommend a cessation of all military activity in the Beirut area, because these activities are of no effect. If we are talking about the future, we shall see We can always change our policy

In the ensuing vote on the changes Sharon had requested, the Defense Minister lost, 17 to 2 His only supporter Science Minister Yuval Ne eman a member of the right wing Jehiya Party The Cabinet then passed another resolution

specifying that there should be no more air strikes against Beirut unless authorized either by the Prime Minister or by the Cabinet in special session. Roundly defeated, Sharon observed stiffly, "I did what I had to do I accept the Cabinet's will."

Just over an hour later almost precisely as Begin had predicted President Reagan called to express his sense of outrage over the renewed assault on Beirut, and Begin was able to tell him that the bombing had already been ordered stopped Afterward, Begin double-checked with Israeli Chief of Staff Lieut General Rafael Litan

to make sure that the order had been carried out. Then he called Reagan back and told him so. The President was notably relieved. He had been saddened and angered by the persistent bombardment of Beirut and by the resulting damage to U.S. prestige. As a White House official put later. The Lebanese were blaming us directly, not just the Israelis, for this wanton destruction. They felt that it could lead to a total breakdown in the negotiations.

The President was also eager for a foreign-policy accomplishment of a high order, and he did not want his hopes to be dashed by an ill-conceived military action. Only two days earlier after Negotiator Habib had flown to Jerusalem and secured. Israel's basic support of the eight-page plan, White House Spokesman Larry Speakes had declared enthusiastically that 'the momentum of the peace process continues to build'.

The elaborate scheme covers the evacuation of PLO fighting men and some 1,500 Syrian soldiers from West Beirut over a 15-day period. It specifies that a force of 200 to 300 French soldiers would enter West.

World

Beirut along with elements of the Lebanese army a few hours before the evacuation would begin About a week later, a multinational force of 800 Americans, 800 Frenchmen and 400 Italians would move in Still to be settled, in future negotiations is the fate of some 7.500 Palestinian guerrillas held prisoner in Israeli-occupied Lebanon and of some 20,000 P1 O combatants in and around Tripoli and in the Bekaa Valley

A sticking point has been the question of bringing in foreign troops before the PLO evacuation has begun The PLO wants the protection of foreign soldiers, particularly the French The Israelis fear that if the PLO should then change its mind about leaving Beirut, the foreign troops would become a buffer between the PI O and the Israelis Eventually Habib supported the idea of a small French advance force But he agreed that if some of the guerrillas should refuse to leave, the international force would compel them to do so or, if necessary, would step aside and permit the Israelis to drive them out

abib told the Israelis that Iraq. Jordan and Syria were prepared to accept the majority of the departing guerrillas, and that a few might go to Sudan and Tunisia Only Egypt among the main Arab countries involved in the discussions was still refusing to cooperate As his price for accepting a PLO presence, Egyptian President Hosni Mubarak was seeking a promise from the US that it would move toward a comprehensive settlement on the Palestinian issue

The Israelis accepted the Habib plan in principle, though they asked for several amendments They wanted a complete list of the PLO guerrillas who were to be evacuated They asked for the release of a captured Israeli pilot and for the bodies of several Israeli servicemen killed in previous fighting They still felt uneasy about having foreign troops on hand in Beirut in advance of the PLO withdrawal Despite these Israeli reservations. American negotiators were quite optimistic by the time Habib had returned to Lebanon at midweek Thus they were caught off-balance by the fierceness of the Israelis Thursday attack on West Beirut

By the end of the week the fears raised by the Thursday bombing seemed to be receding The talks between US and Lebanese officials had resumed and there was speculation that Negotiator Habib would soon make another trip to Jerusalem, perhaps the final one in the current series Even the chastened Ariel Sharon said he hoped that the PLO evacuation from Beirut could begin some time late this week In Washington, President Reagan declared that he was now "reasonably optimistic" because he believed that this time "the cease-fire is going to hold" The long agony of Beirut may be drawing to a close --- By William E. Smith. Reported by David Alkman/Jerusalem and William Stewart/Belrut

Lebanon's Challenging Legacy

Perils and opportunity in the wake of the Israeli invasion

s US Negotiator Philip Habib con-A tinued his peace efforts last week after Israel's furious bombardments of West Beirut the precise nature of a settlement still remained uncertain But one thing was clear Israel's ten-week-old invasion of Lebanon had wrought momentous changes in the complex Middle East equation, and their repercussions would be felt for years to come Every major actor in the drama has been deeply affected For the US, the crisis provoked by its headstrong Israeli ally has presented grave risks but also a challenging opportunity to play a key role in forging a comprehensive Middle East peace

To a large degree the chances for such a peace depend on the future of the

boast that they had made a credible showing by resisting the Israelis inch by inch once the battle took to the streets of Beirut By contrast the combined armies of Syria Jordan and Egypt crumbled before the Israelis after only six days in 1967 The siege has therefore boosted the popular stock of the PLO in the Arab world Although most of the Arab governments probably wanted to see the troublesome PLO cut down to size militarily in the early phases of the invasion, none desired an outright defeat. In the past month there has been a grudging resurgence of Arab support if for no other reason than self-interest the Palestinian issue has long been a litmus test of Arab nationalism, and no regime that wishes to



During a nighttime air raid, Israeli bombs cast a fiery glow over West Beirut Momentous changes in the Middle Lust equation caused by Jerusalem's invasion

PLO The Israeli strategy as directed by 1 stay in power can afford to ignore it Defense Minister Ariel Sharon called for crushing all PLO military and political influence Indeed many Israeli observers were ready last week to declare the PLO dead and buried even before the guerrillas evacuated Beirut

The Palestinians refused to acknowledge such a crushing defeat. As Issam Sartawi an adviser to PLO Chief Yasser Arafat puts it. We have learned the hard way how to transfer our military battle into a political victory Regardless of what happens in Beirut, we shall get out of it stronger than we were "There was doubtless a strong measure of wishful thinking in that assessment, but many observers felt that the PLO might realize political and diplomatic gains that the Israelis had hardly intended to promote when they stormed across the Lebanese border on June 6 Said Harvard University Professor Stanley Hoffmann The PLO is politically better off than ever before

The outgunned Palestinians could

Some experts on the Middle East see

the possibility of serious Palestinian reprisals against the Arab nations for their failure to aid the PLO earlier Warns the PLO's Saitawi The Palestinians will not easily forget the extent to which they were deserted on this occasion. It was partly to assuage such bitterness that the Syrians last week reversed themselves and agreed to accept some of the PLO guerrillas from Lebanon (Other countries willing to take in the PLO Jordan, Iraq, Tunisia Algeria, North Yemen South Yemen and the Sudan)

ow the PLO behaves once out of Beirut will have a powerful impact on the whole future of the Middle East Some analysts predict that the frustrated and fragmented group will turn again to terrorism Others feel that the very act of surviving the Israeli onslaught strengthened the relatively moderate tendencies represented by PLO Leader Arafat, who

emerges from the siege as a kind of Palestinian hero. A more moderate PLO, it is argued, might seek to win its own political legitimacy and increase its international Packing by finally recognizing Israel's right to exist. Predicts Leonard Beigel, a Middle East expert at the University of Amsterdam. "In the months to come the PLO leadership will be making statements in this direction. And with the Americans, and all international opinion, more favorable to the PLO now this will make Israel's refusal to talk with the PLO all the more difficult.

For Israel's Prime Minister Menachem Begin, recognition by the PLO would bring special hazards, since it would fulfill the main demand the US has made as a precondition for talks with the Palestinians Says American University Professor Amos Perlmutter Israel's gleatest fear is to have the US deal with the PLO if the US plays the Palestine card it would make political defeat out of Begin's war Indeed one of the Israeli aims in the invasion was to destroy the PLO's in-

original Zionist dream of being a "light unto nations", it is also a dangerous source of conflict in a volatile region Ultimately it weakens the fragile bonds that hold the Middle East together and deepens Israel's isolation

espite its damage to Israel's image abroad (see hox), Begin's blitzkrieg has dramatically boosted the government's domestic support A PORI Institute poll taken in the third week of July showed that Begin's approval rating had leaped from 47 7% at the war's outset to 57 6% Sharon s had risen from 48 9% to 56 6%. To be sure, a growing minority of Israelis have expressed reservations about the invasion Last week 2,000 army reservists sent Begin a petition calling on him not to order an invasion of West Beirut The Peace Now organization has attracted several thousand people to antiwar rallies Yet the level of public dissent poses no political threat to Begin's increasingly well-entrenched Likud coalition

One of the key remaining problems is



Israeli Foreign Minister Yitzhak Shamir, Sharon and Begin conferring with Habib in Jerusalem The question for the US how to use its leverage to achieve a breakthrough

fluence throughout the region, thereby allowing Jerusalem to negotiate a watered-down autonomy agreement with moderate' Palestinian elements in the West Bank and Gaza That, according to the Begin-Sharon strategy, would curb demands for a Palestinian state and allow Israel to maintain its military control over the occupied territories Begin's aim is not just to enhance Israel's security but to make irreversible the absorption of the West Bank and Gaza into his vision of Eretz Yısrael, or the biblical land of Israel That goal, backed up by Begin s aggressive settlements policy, has long been one of whe main obstacles to the peace process

Far from promoting Israeli flexibility, the Lebanon invasion has confirmed the Begin government in what was already becoming one of its articles of faith that in the final analysis, it is massive military might that will allow Israel to survive and pursue its interests. This militarization of Israel's goals and policies is not only an unfortunate cheapening of the country's

piecing together a strong central Lebanese government and arranging for the withdrawal of Israeli and Syrian troops from the country The Israelis would like to see a central government controlled by their Christian allies and are therefore hoping that Christian I ebanese Forces Leader Bashir Gemayel 35, will win the presidential elections that must take place by Sept 15 In the Israelis view such a regime would promote stability, keep the leftist Arab elements in check and prevent a Palestinian threat from returning to their border. But the idea of a strong central government may prove to be a chimera Lebanese society has always been a patchwork of different feudal regional and religious communities whose rivalities have sparked internecine clashes for generations. The departure of the PLO will not change that pattern Moreover, many observers in Beirut fear that the election of Gemayel, whose Christian supporters constitute a minority of Lebanon's population, would bring

about a renewal of the civil war between Christians and Muslims

The quest for Lebanese independence may prove equally illusory For Syrian President Hafez Assad whose prestige was shaken by his army's poor showing against the Israelis maintaining a presence in the Bekaa Valley would provide a buffer against any future Israeli advances toward Syria It would also give Hafez Assad a larger role in the Arab world "As long as Assad has a foot in Lebanon, he is an Arab leader 'says American University's Perlmutter Without it, he isn t' The Israelis. who want to avoid the quagmire of an extended occupation, might nonetheless use their presence as a bargaining card to get the Syrians out The result may be a standoff in which both sides refuse to leave Lebanon first. That could ultimately lead to a de facto partitioning of Lebanon into Israeli and Syrian spheres Observes one Middle Last expert in Washington "This would be a sad commentary indeed if after they suffered umpteen civilian casualties we could do nothing better by the Lebanese "

For the rest of the Arab world, the disarray caused by the Lebanese invasion could lead to a significant realignment of forces. Because of his consistent criticism of the Israeli action, Egyptian President Hosni Mubarak did much to redeem his country in the eyes of fellow Arabs. Moreover, Mubarak has developed an increasingly close relationship with Saudi Arabia forming an axis of wealth and population. I ogether those moderate states could dominate the Arab world.

But Mubarak's gain in stature has been accompanied by a toughening approach toward Israel the US and the Camp David peace process. Vows a senior Egyptian official 'Egypt will not participate in the Palestinian autonomy talks again until the complete withdrawal from Lebanon by Israel 'Pushed by a rising tide of anti-American and anti-Israeli popular sentiment. Mubarak is determined to win real concessions in exchange for future cooperation. Says a Western diplomat in Cairo. He is consumed with the need to keep ahead of his domestic critics and be viewed in Egyptian opinion as doing his utmost.

The more radical states such as Libya Syria Algeria and South Yemen, have lost prestige in the Arab world as a result of their failure to aid the Palestinians Says Peter Duignan a senior fellow at Stanford's Hoover Institution 'The image of Arabs standing together has been shattered The Iraqis were particularly angry at Syria's Hafe/ Assad and Libya's Strongman Muammar Gaddafi, both for their betraval of the PLO and for their support of Iran in the gulf war Since that conflict began 23 months ago, Iraqi President Saddam Hussein has moved away from the hard-line states and into the circle of moderate states, which includes Saudi Arabia and Jordan

It is Jordan perhaps that faces the greatest danger from the new alignment of Middle East forces King Hussein, a mem-

World

ber of the Hashemite dynasty,* presides uneasily over a population that is 60% Palestinian In deference to that predominant group, Hussein has agreed to accept some 1,500 PLO members who hold Jordanian passports But the King cannot be enthusiastic about the return of a guerrilla group that he brutally attacked and ousted from Jordan in 1971 after some of its factions tried to overthrow his government Nor can Hussein be reassured by the knowledge that Israel's Sharon has long argued for allowing the Palestinians in Jordan to topple the Hashemite dynasty and thus satisfy demands for a Palestinian state at no expense to Israel

One clear loser in the latest Middle East shuffle is the Soviet Union Not only was Moscow's military hardware outclassed on the battlefield by Americanmade Israeli arms, but the Soviets much touted alliances with Syria and the PLO produced little more than rhetoric. The Soviets' conduct also cast doubt on the widely held assumption that they were spoiling for a chance to put their supposed military superiority to a test in a showdown with the US When the opportunity presented itself in I ebanon, Moscow blinked

was the US, which was all too often swept along by the storm. Many foreign policy experts scathingly criticize the Reagan Administration's handling of the crisis Former US. Under Secretary of State Creoige Ball blames the Administration for failing to pressure both sides into making concessions. Says Ball "Instead of trying to exact any commitment from the Israelis we foolishly concentrated solely on getting the PLO to leave. In other words we pulled the Israeli chestnuts out of the fire for nothing." Ball aigues that the US.

image in the world has suffered from association with the Israeli war effort Sol Linowitz, President Jimmy Carter's special envoy to the Middle East, agrees with that assessment Says he "The crisis has created the widespread impression in the Arab world that we countenanced or even encouraged this Israeli action"

Yet Linowitz and others believe that the US still has a rare opportunity for creative diplomacy if it can produce a comprehensive peace initiative that would address both Palestinian and Isiaeli concerns 'What we need to do," says Linowitz conveying a sense of urgency, "is exercise real leadership and get the parties back to the negotiating table and deal with the issues that are unresolved and get them done "I inowitz suggests using the Camp David accords as the basis for a broader agreement and above all, appointing a special US negotiator who can speak for the President

Win a Battle and Lose a Political War

one of Israel's greatest assets has traditionally been its image as a beleaguered nation in a sea of hostile enemies and its corresponding claim to moral superiority. But as their forces closed in relentlessly on the PLO, in West Beirut, and television screens around the world showed numbing images of death and destruction, the Israeli government and people feared that the international view of their country was swiftly changing Israel was rightly concerned that having won the battle in Lebanon, it might still lose the political war in the living rooms of Europe and the US

Last week a poll conducted by the Associated Press and NBC News in the U.S confirmed Israel's fears, revealing that 51% of those surveyed disapproved of the Israeli invasion of Lebanon, compared with 25% who supported the move More to the point, 59% felt that Israel had gone too far in its attacks on Beirut, while

only 7% said the level of force was appropriate In the European press, the image of Israel as an aggrieved nation has been transformed into that of an avenging juggernaut Newspapers in Paris have termed Begin a "fascist" warmonger The West German press, which has traditionally gone out of its way to avoid criticism of Israel, has begun to criticize Begin's belligerency. Die Zeit has decried the Israeli "bloodbath" as going beyond what could be justified as the "eye for an eye" justice of the Old Testament

Faced with this kind of comment, Prime Minister Begin argued that his country's aggressive attacks were necessary to reduce casualties among Israelis Said Begin "Given a choice between dead Jews and a good press, and living Jews and a bad press, I-would prefer the latter" But worned Israeli politicums held investigations into charges that government spokesmen were majorable for the unfavorable coverage because of their mishandling of the press. The



LURIE-THE TIMES LONDON

investigations were inconclusive, but the Foreign Ministry believes that the army's heavyhanded treatment of reporters in the first week of the war tended to make them more sympathetic to the PLO viewpoint

The most serious charge by the Israelis against the world press is that it too readily accepted claims of civilian deaths reported by the PLO and mistakenly, if not maliciously, charged the Israelis with committing acts of cruelty A prime case in point was the photograph of a badly burned baby who United Press International said had been the victim of an accidental Israeli bomb drop in East Beirut President Reagan cited the picture in his talks with Israeli Foreign Minister Yitzhak Shamir as an example of why Jerusalem had to stop the bombing of the city In their defense the Israelis claim that no bomb had fallen in East Beirut and that the child, in truth, had been hit by a PLO shell Although the UPI stood by the accuracy of its caption, the news agen-

cy was looking further into the matter

In France the Israeli embassy has gone so far as to accuse the press of being anti-Semitic. One all too human reason for the zeal with which Israeli attacks have been reported may be that many correspondents were actually in targeted West Beirut In addition, Nigel Hawkes, foreign news editor of London's *The Observer*, acknowledges that there may be "a sort of double standard—we may not have the highest expectations of Iran or Iraq, but Israel is perceived as being a Western nation and is expected to conform to Western standards."

But Hawkes agrees with many European and American editors when he says, "The Israelis overall have had a bad press, but it a not a worse press than they had a right to expect." Israel's real problem was seither the bias of correspondents nor poor propaganda packaging, but something far more serious: the lack of a readily convincing justification for the onslaught on West Beitut.

^{*}Descendants of Hashem a great grandfather of the Prophet Muhammad

Whatever form such a process might take. Washington must play a pivotal role The US is the only country that has it in combination of prestige, power and this to deal with all parties. The Reagan Administration has in fact been working on some long-term peace plans. Shortly after taking office last month. Secretary of State George Shultz began a series of consultations with foreign policy experts and launched a full-scale review of Middle East policy. No decisions have been made yet, however and some observers feel that Shultz is dragging his feet.

One widely circulated position paper calls for using the "momentum of PLO withdrawal to revive the moribund Camp David autonomy talks The idea—similar to ex-Secretary of State Alexander Haig's earlier view of the opportunities presented by the Lebanese crisis—is to use the reordering of the PLO to bring moderate MArab countries like Jordan and Saudi Arabia into a broadened Camp David process. In negotiations that would possibly include Palestinians themselves these moderate Arab states would work out a peace settlement that would bear a closer resemblance to the Palestinians demand for a homeland than to Israel's notion of limited autonomy With such an agreement in hand the US-Arab phalanx would turn to Israel and press Begins government to agree as well

Such a plan would be the first US initiative to deal specifically with the ultimate fate of the Palestinians. The question the Reagan Administration is trying to answer, as one US official told TIME Correspondent. Johanna McGeary last week, is "how to take advantage of our new leverage with these [Middle East] countries to achieve a breakthrough."

That leverage should not be exaggerated After all the invasion has increased anti-American feeling among all the Arab nations and left most of their leaders with the suspicion that the US will never be willing or able to curb Israeli excesses As for Israel, there is little reason to believe in a fundamental policy change as long as Menachem Begin, obsessed as he is with Eretz Yisrael, remains Prime Minister Says Perlmutter flatly "Begin will not budge on the West Bank—not in his lifetime"

Whatever course Washington follows, therefore, it is likely to court continued confrontation with its troublesome ally 'To make any progress in the Mideast,' sums up William Quandt, a senior fellow at the Brookings Institution, "the US will need steely nerves, an unshakable grasp of its own interests, and a firm sense that the peral is worth it—knowing all along that any solutions will ensure a major crisis in US-Israeli relations" Whether or not that crisis does erupt, the Reagan Administration must show far more courage and determination in dealing with Begin than it has done in the past. It is not a time for weakness -By Thomas A. Sancton. Reported by David Alkman/Jerusalem and William Stewart/Beirut

TERRORISM

Killing Ground on the Seine

With Jews as their targets, urban guerrillas flourish in Paris



Mitterrand leaving a memorial service

he assault was not only brutal and Tugly it was the latest symptom of what seemed to be a spreading and malignant disease. The two gunmen who burst into Paris' most famous Jewish restaurant last week, spraying lunchtime patrons of Jo Goldenberg's with submachine-gun fire before escaping left more than just six people dead and 22 injured in their wake The close-knit Parisian Jewish community reacted with rage fearing that the attack presaged a new wave of anti-Semitic violence in Europe The attacks were also part of a general war in Paris that suggested that the City of Light had become an urban oasis of terrorism

Israeli Prime Minister Menachem Begin bitterly proclaimed that "once again the cry is heard in the streets of Paris 'Death to the Jews' deliberately stirring images of anti-Semitic incidents at the time of Jewish Army Officer Alfred Dreyfus' trial in the 1890s Begin even indirectly accused President François Mitterrand of helping to create an anti-Semitic climate in Prance that fostered the attack Begin charged that the massacre resulted from "the shocking talk and anti-Israeli incitement which has become like anti-Jewish incitement." The Prime Minister

was referring to a remark by Mitterrand comparing the aggressive Israeli attacks on the PLO with Nazi attocities during World War II

When the French President attended a memorial service for the victims of last week's shootings Jewish demonstrators shouted. Mitterrand is a traitor. Deeply affected, Mitterrand said after the service, 'I have always been a friend of the Jewish community of France.'

In his anger with France Begin went so far as to question the propriety of having the country's troops take part in any peace-keeping force in Lebanon Begin also called for young Jews in France to guard their neighborhoods if the police did not But his plea was rejected by the religious leaders of the 700 000-member Jewish community in France the fourth largest in the world Said Chief Rabbi of France Rene Samuel Sirat. The sole responsibility of protecting the lives and property of Jews tests with the state and the police.

The Croldenberg's massacre was one of six arra Jewish attacks in 14 days in Paris. The others which wounded only one person were directed against the automobile of an Israeli embassy employee a Jewish hardware store in the Marais a bank formerly owned by the Rothschilds a firm that imports fruit from Israel and a small house of worship

Responsibility for three of the minor attacks was claimed by Direct Action a small group of anarchists. No one assumed the responsibility for the shooting at Goldenberg's but police suspect it was the work of Black. June a dissident Palestinian group. Yet the escalation of terrorist attacks in I rance is not limited to anti-Jewish violence. Two days after the Goldenberg's massacie, two bombs, one on the Champs-Llysees and one at the Iraqi embassy injured six people. Since May tertorist attacks of all kinds in Paris have killed 20 and wounded 140.

Paris has thus become the Continent's undisputed center of terrorism for a variety of reasons. Traditionally, the country has been known as a land of asylum. It has favored an open visa system a loose border policy and lax airport checks. Mitterrand has adopted a less stringent policy toward, terrorists, than his conservative predecessor. Valery Ciscard d. Estaing.

Given last week's vicious attack and the recent increase in terrorist incidents the Mitteriand government has begun to reconsider its lenient policies. Gaston Defferre Minister of the Interior, has called for a redefinition of the right to political asylum and the French Cabinet is scheduled to produce a report this week on improving internal security. It will not appear a moment too soon for Paris Mayor Jacques Chirac Says he 'Paris has become a hunting ground.

Fury in the Isolation Ward

Lebanon's crisis has made Gaddah fume at almost everyone

srael's blitz into Lebanon and its brutal stranglehold on Berrut have aroused doubt, controversy criticism and apprehension in the US and within Israel itself. But one side effect of the episode is likely to be received as good news in both Washington and Jerusalem. Whatever damage it has done to the long-term interests of the US and Israel the crisis already seems to have increased the isolation of Libyan Leader Muammat Gaddati.

Gaddah has close military ties to the Soviet Union a propensity for sending expeditionary forces elsewhere in Africa (to Uganda and Chad for example) and an undisguised ambition to radicalize such Third World bodies as the Organization of African Unity and the nonaligned movement. He is therefore pre-eminent in the demonology of the Reagan Administration. In a number of offices at the CIA Gaddafi's picture hangs next to those of Soviet President Leonid Brezhnev and Cuban President Fidel Castro in a kind of unholy trinity. An agency official not long ago called Gaddan the first among equals our international public enemy No 1 'The Reagan Administration blames Gaddafi for sponsoring international terrorism the says he supports only legitimate liberation movements) and



The strongman at the O.A.U. summit

Even for dispatching hit squads to assassinate the President and other public figures (a charge that Gaddafi flatly denied, and one that seems to have faded for lack of firm evidence) Gaddafi is the only foreign leader whose forces have engaged the US in armed combat during the present Administration (the dogfight in the Gulf of Sidra last August)

But the greatest fear of American policymakers has been that the Arab-Israeli conflict would gradually, or perhaps suddenly, drive other, traditionally moderate Arabs toward Gaddafi's militant banner US officials are concerned that Gaddafi-ism, as his brand of uncompromising opposition to the existence of any Jewish state in the area is sometimes called, will spread, and along with it his influence

That nightmare seems so far at least, not to be coming true On the contrary, since the Lebanon crisis began two months ago, Gaddah's relations with almost every Arab state and a number of non-Arab ones as well have deteriorated Tensions have risen between him and Yasser Arafat of the Palestine Liberation Organization between him and Syria and between him and the Soviet Union

Last month Gaddafi issued a public message to the Palestinian leaders promising that Libya 'will place all of its resources at the disposal of Syria and the Palestinian resistance.' Those resources have turned out to be mostly words of encouragement plus some fraternal advice from

Special Venom for the U.S.

It was 2 o clock in the morning, and Muammar Gaddafi was weary As host of an Organization of African Unity (O A U) summit, he had been working around the clock for more than a week to try to salvage the conference When not whisking about in his pale blue Bedouin robes or stylish dark suit, with half a dozen Kalashnikov-toting female bodyguards in blue beiets swelling his progress, Gaddafi had spent the previous few days reading reports and consulting with other Arabs about the news from Lebanon None of it was good from his standpoint. He had just seen off the last of his African guests and changed into a loose-fitting short-sleeve shirt and slacks The exhaustion showed on his face and sounded in his voice Instead of English, which he speaks well, he preferred to answer questions in Atabic as he conversed with TIME Diplomatic Correspondent Strobe Talbott Sometimes Gaddafi's comments were barely audible, but what they lacked in volume, they made up in vehemence Talbott's report on the interview with the

addan is not only angrier and more implacable than ever toward Israel and the U.S. he is disgusted with the Palestine Liberation Organization for even entertaining the idea of leaving Beirut, with the neighboring Arab states for accepting the Palestinians, and with the Soviet Union for not somehow preventing the U.S. from letting Israel get away with the invasion

While refusing to name countries, Gaddafi was scathing about the eight states that have tentatively agreed to accept the PLO, including Syria, with which Libya is supposedly still negotiating a merger "The reactionary Arab regimes that have

had a hand in arranging the expulsion of the Palestinian resistance will themselves face the revenge of the Palestinians," Gaddafi said "If the Palestinian fighters are dispersed to several Arab countries, the regimes there will suffer unrest. There will be destabilization in those countries. Moreover, the Palestinians will find a way to return [to Lebanon and to fight against Israel] across a number of fronts. Then perhaps the world will see that the only solution is to give the Palestinians their own homeland, to establish a Palestinian democratic state. Such a state, in Gaddafi's view, would not exist alongside Israel. It would supplant Israel.

Gaddafi is equally furious with Yasser Arafat and the central PLO leadership for agreeing to leave Lebanon "The fact is that right-wing Palestinians and right-wing Arab regimes have been accomplices in bringing about this shameful catastrophe, this disaster that has befallen the civilians [of Lebanon] and this threat to international peace I believe the current leadership [of the Palestinians] has lost the justification for its existence Out of this whole situation will perhaps come a new leadership that will be able to undo the disaster in Beirut, one that will be able to take over from the old leadership now that it has been defeated and discredited"

Gaddafi would like to do considerably more than pray for such a development During the O A U summit, he made head-lines (and made more than a few of his African guests wince) when he urged the Arab world to unite in sending ten divisions and 500 warplanes to fight against Israel, with Gaddafi himself leading the charge Since he floated the idea, events in Lebanon have moved gradually, suspensefully toward the sort of settlement Gaddafi so adamantly opposed. But he is still committed to the idea of leading a holy war. "I'm sticking to the proposal,

Gaddafi "I advise you to commit suicide rather than to accept disgrace Your suicide will immortalize the cause of Palesthe for future generations Your blood is the fuel of the revolution Let suicide be the priority. It is the road to victory."

rafat's reply, in effect, was a very sar-A castic "Thanks a lot!" He accused Gaddafi of failing to deliver on past promises of armed assistance. Had those unspecified promises been kept, said the PLO chairman, "the enemy would not have dared to do what he has done The Lebanon crisis and Arafat's conduct have increasingly provoked Gaddafi to back the more radical Palestinian group, George Habash's Popular Front for the Liberation of Palestine

Relations between Gaddafi's Libya and Saudi Arabia have always been bad the archetypal revolutionary is the ultra-conservative monarchy. But just as each side seemed to be toning down its rhetoric and inching toward more normal relations Gaddafi denounced King Fahd as the pig of the Arabian peninsula" and a filthy agent of the US Fahd's latest crime in Gaddafi's view was to attempt to play mediator in Lebanon

Libyan officials say that they and their leader are angry at the Soviet Union for limiting its role in the crisis to words empty words and the Libyans are even angry at the Syrians for not opening a second front against the Israelis

Virtually the whole Arab world, said one top adviser to Gaddah 'is behaving in a way very close to cowardice If Libya



Listening to the debate: not enough guests showed up for his grand occasion

had its way, all Arab states would unite in sending troops into Lebanon as well as into Syria to prevent the Israelis from invading there Volunteers would open a new front against Israel from Jordan There would be a total Arab oil boycott against the US, and US Special Envoy Philip Habib would be sent packing The Libyans would also call on the Egyptian people 'to destroy all bridges with Israel meaning abrogate Camp David (a move that would probably send the Israelis back into the Sinai) It is just because Gaddafi has that kind of alternative in mind that he finds himself on the fringes of the Arab world and is likely to stay there

As for the other war in the region, Gaddafi s wholehearted political support and military assistance to non-Arab Iran against Arab Iraq has complicated his claims to championing the cause of pan-Arabism It has also made him more suspect than ever among the overwhelmingly Sunni majority especially given widespread hervousness throughout the Middle Fast about the Ayatullah Khomeini's militant fanaticism

Gaddah was still smarting last week from another setback. He was scheduled to have been made chairman of the Organization of African Unity at a summit meeting in Tripoli But enough leaders staved away to deprive him of a quorum and of the vindication he coveted for his unabashedly radical brand of statesmanship --- By Strobe Talbott/Tripoli

and I will submit it to the Arab states that have the ability to deploy the necessary forces If the Arabs could fulfill this plan, they would be playing a major role in achieving peace not just in the Middle East but throughout the world, because they would be putting an end to the Zionist military tyranny'

As for the international community, Gaddafi is fed up with the UN "There is no point in having a Security Council when the US uses its seat to support aggression and the other countries fail to use theirs to stop the aggression. We have informed the Soviet Union that it has a permanent seat in the Security Council and therefore should have done more to stop the aggression "Conversations with Gaddafi and other Libyan officials always trail off into vagueness about what exactly the Soviets should have done, the same sort of vagueness and unreality that shroud Gaddafi's talk about a pan-Arab army

Gaddafi reserves a special venom for he US, only slightly denatured by a proessed desire to "establish a dialogue and estore normal relations" Those few conciliatory words quickly give way to an emblittered and cautionary recollection of the Gulf of Sidra doglight in which he lost two planes just a year ago this week. "The Gulf of Sidra is Libyan territorial waters la claim the U.S and most other countries do not accept], so it was the U.S., not Still committed to lead

our side, that used force there We would rather negotiate with America, but we find ourselves compelled to use force. And we will use it again to repel aggression by our enemies, even if that leads to mass martyrdom on the part of our people We're willing to turn the Gulf of Sidra into a red gulf, a gulf of blood, if that is the only choice we have

But his deepest complaint with the US is, as always, but now more than ever, American backing of Israel "Because of Israel's policies, and America's support for those policies, the situation in the Middle East could lead to the Third World War This crisis will lead to other crises in the future and those in turn will eventually bring about an Arab decision to liberate our own lands. Then the war will not just be with Israel, but with America as well If the Arabs defeat the Israelis America will be forced to intervene directly or indirectly, and that will lead to the intervention of the Soviet Union Remember that Israel has already become a nuclear power and in that way too is jeopardizing the peace of the world

Concluded the Libyan leader "Israel should not be joyful about its operation in Lebanon, because it is not over yet Inshalhah [if God wills], Israel will be destroyed But so will America's interests in the Arab world be destroyed, and everywhere else as well "



A Cry for Bloody Vengeance

Armenian terrorists conduct a fearsome campaign of violence

he hatred is venomous relentless and overwhelming When Armenian Terrorist Levon Ekmekjian was told by Turkish police that his two-man murder squad had succeeded in killing nine neople and wounding 72 others he cried out furiously, It wasn't enough!

The terrorists had exploded a bomb in the middle of the crowded check-in area at Ankara's Esenboga Airport on Aug 7, then opened fire with submachine guns on passport-control officers and passengers mostly Turkish workers returning to jobs in West Germany and The Netherlands after a holiday. One of the gunmen was reported to have yelled at his victims as he fired. More than a million of us died! What's the difference if 25 of you die ' '

The airport killers were members of the Armenian Secret Army for the Liberation of Armenia (ASALA) one of several underground groups that are eager for vengeance against Turks for the murder of more than I million Armenians in 1915 Though Armenians had borne their grievance peaceably for decades terrorists began in 1973 to carry out systematic assassinations of Turkish envoys Their goal forcing the Turks to acknowledge committing the act of genocide to pay reparations to the descendants of the victims and to grant autonomy to the former Armenian-dominated provinces in northeastern Turkey or give them up altogether so they might become a separate nation The Marxist Berrut-based ASALA and another group called the Justice Commandos of the Armenian Genocide have killed 22 Turkish diplomats or members of their families and staffs, and have wounded 15 other envoys or their dependents. In addition, there have been 70 casualties including four deaths, among people who, though not Turkish were in the terrorists' line of fire. I our of the killings have taken place in the US. The most recent the murder in Somerville Mass last May of Othan Gunduz a Turkish gift-shop owner who was also honorary Turkish consul general for New England

France which is home for 300 000 Armenians has been the major battlefield for the extremists war against the Turks Terrorists have launched over 40 attacks on Turks or Turkish facilities and killed four diplomats Last September Armeman terrorists killed a security guard wounded the vice consul and held 51 penple hostage while they occupied the Turkish consulate for 15 hours

France's inability to protect the Turkish diplomatic community from terrorist attack has outraged the Ankara government Turkish-French relations were further strained last April by a speech that

French Interior Minister Craston Defferre gave at a ceremony in Marseilles honoring the Armenians who died in 1915 Said Defterre The French government recognizes the genocide of which the Armenian people have been victim' The Turkish Foreign Minister protested that Defferre was contributing to an atmosphere that encourages Armenian violence

The majority of the world's 65 million Aimemans* deplore the terror tactics of the extremist Massacre victims (1915) groups who experts believe

have less than 1,000 members. I ast week the Armenian Patriarch in Islanbul Shnork Kaloustian issued a plea to Armenians everywhere to disown these misguided and fanatical elements. Still, hatted for the Turks has festered over the years in the face of indifference in most parts of the world to the Armenian national tragedy

uring World War I the Turks exterminated or deported virtually their entire Armenian population because they held the unfounded suspicion that members of the ethnic group were disloyal. The decision to undertake the genocide was communicated to the local leaders by the Inte-1101 Minister Talaat Pasha in 1915 One of his edicts stated that the government

Of these 3.5 million live in the Soviet Union 400 000 in Western Europe 675 000 in the U.S. 500 000 in the Middle East and 150 000 in Turkey



A Turk mourns his son at the Ankara airport Bitter memories of World War I

had decided to 'destroy completely all Ar menians living in Turkey An end must be put to their existence, however criminal the measures taken may be, and no regard must be paid to age, or sex, or to scruples of conscience '

> The Turkish authorities rounded up all able-bodied men in the Turkish army and bludgeoned them to death Intellectuals and community leaders in Istanbul were herded aboard ships then drowned at sea Armenian babies were thrown live into pits and covered with stones Women, children and old people were forced to march hundreds of miles, over mountains presumably to a place of deportation in Syria but actually to their deaths Forbidden supplies of food and water they were way-

laid by brigands Turkish gendarmes raped and sometimes disemboweled or cut the breasts off women before finally killing them. While the hornfied U.S. Ambassador to Turkey Henry Morgenthau Sr, appealed in vain to the Turks to stop the slaughter hundreds of thousands of Armenians could be seen as Morgenthau put it winding in and out of every valley and climbing up the sides of every mountain

Survivors of the holocaust fled throughout the world mostly to parts of the Middle East Western Europe and the US Still others joined Armenians in Russia, where they founded an independent Armenian republic in 1918

But by 1920 the leaders of the new republic were ousted and replaced by a Soviet regime Badly battered and widely dispersed Armenians in the West have usually led quiet industrious lives little noticed in their host countries. In recent times, there has been a renaissance of Armenian history and culture which has helped spawn a small band of extreme nationalists inflamed by old passions and grievances

The extremists attack in the Ankara airport, their first assault on Turkish soil since beginning their crusade, deeply shook the government Four members of Turkey's five-man junta attended the solemn state funeral for three policemen and the airport manager who had been slaughtered in the action

After the bloody Ankara airport assault ASAI A threatened to carry out terrorist attacks in the US France, Britain, Canada, Switzerland and Sweden if Armenian prisoners were not released within seven days. Other extremists would like to see Turkish lands formerly inhabited by Armenians joined to the Soviet Armenian Republic Such unrealistic demands, made in the name of a lost cause seem likely to lead to nothing but more violence and vengeance in the future



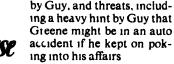
FRANCE

Gagging Greene

A court bans his exposé

o all those tempted to come and live on the Côte d'Azur, I give a warning avoid Nice, for it is the privileged haunt of the most powerful 'criminal milieu' in the south of France" So writes Graham Greene, the British novelist, who has lived at Antibes, only a few miles from Nice, for the past 17 years But the French will not be able to thrill to Greene's charges in his new nonfiction book entitled J'Accuse Portrait of a Delinguent in His Protected Milieu The appellate court of Aix-en-Provence ruled early this month in a rare decision that the book could not be sold in France or even brought into the country because it was libelous of one of the people mentioned in the story

In J'Accuse, Greene reveals what he has learned about the shady side of the sunny French Riviera. He became interested in the subject when the daughter of a close friend got involved in a messy divorce. After the couple separated, the estranged husband. Daniel Guy, a real estate operator in Nice allegedly threatened his wife by hinting of his connections with the milieu local argot for the Nice underworld. Greene tells a harrowing tale of purported assaults on Guy's wife and her father the kidnaping of the couple's child.





Greene became increasingly frustrated when Nice police showed little interest in following up the information that he gave authorities Insisted former Police Superintendent François Guillon "Big crime in Nice is practically nonexistent

Said Nice Mayor Jacques Médecin, who had encouraged the expansion of gambling in his city "Greene is spitting in the soup to make publicity for his book"

The author began to carry a canister of tear gas with him when he was on the Côte d'Azur but proceeded with plans to publish the book until Guy went to court in March, charging that it was libelous Guy won an injunction banning its publication 'under any form'

In addition to upholding the injunction, the Aix-en-Provence court ordered Greene to pay Guy \$650 in lawyers' fees and trial expenses, as well as \$15 for every copy that might be sold illegally

Greene was outraged by the decision "In my entire career as a writer," he said, "it is only the second book that's ever been banned The first was The Comedians, and that was Papa Doc who seized it" (François Duvalier, Haiti's tyrannical dictator who died in 1971) The verdict against J'Accuse is not subject to further appeal



SWAPO Leader Sam Nujoma

NAMIBIA

Making a Deal

Diplomacy behind the scenes

or years it has been one of the most intractable problems of international diplomacy finding a way to make Namibia independent. Now under a United Nations trusteeship, Namibia is the scene of a bloody and bitter was between neighboring South Africa, which has wanted to control the area, and a group of determined guerrillas, who want self-rule. In the past few months a series of quiet talks and behind-thescenes negotiations at the UN and in Europe have progressed enough that last week US diplomats were cautiously saying that a settlement seemed to be taking form

Guerrilla Leader Sam Nujoma, president of the South West African People's Organization (SWAPO), said last week in Tripoli that while his forces would keep on fighting until a cease-fire was reached, SWAPO would take part in talks currently going on in New York City The participants include South Africa neighboring African states and the five Western powers (the US Britain, France, West Germany Canada) delegated by the UN to attempt to reach a settlement Said a top US official "All sides have shown considerable flexibility The political will seems to be there

Ironically, while the diplomats were covering ground, both SWAPO and South Africa were stepping up their military activities last week in order to gain an advantage before a cease-fire was declared South African defense forces admitted that a Puma helicopter carrying twelve paratroopers and three crew members had been shot down while on a mission against SWAPO units in Angola, which is directly north of Namibia SWAPO has long used Angola as a refuge from South Africans Everyone aboard the helicopter was killed, making the

loss the worst single incident of the war for South Africa

In the past month the South Africans have destroyed at least two and possibly three forward SWAPO bases in Angola In Tripoli. Angolan Foreign Minister Paulo Jorge charged that a large-scale South African invasion of his country had been under way since Aug 2 Reports from Windhoek the Namibian capital, tended to corroborate Jorge's accusation

Still, the Western powers working to end the 16-year war could make some substantial claims of success. The first phase of the settlement, determining the constitutional principles and ground rules for elections that are scheduled to be held in March 1983, is all but concluded Yet to be decided is whether elections will be held on the basis of proportional representation favored by SWAPO or the constituency approach that would help preserve some of the white-supported fringe groups. The second phase of the negotiations, dealing with the makeup of UNTAG, the 7,500man UN peace-keeping force that will supervise the transition, is also well along South Africa has proposed a multiethnic force drawn from eight African countries, Europe Asia and Latin America that is expected to be acceptable to SWAPO

The stumbling block to an agreement remains the terms on which South Africa will withdraw its forces from the territory they have continued to hold in defiance of a 1978 UN resolution calling for their departure SWAPO and its African allies refuse to allow elections until the South African troops have left Pretoria, however, has said that it would pull out its men only when the 20,000-man Cuban contingent leaves Angola The Cubans have been aiding the Luanda government since it became independent from Portugal in 1975

A senior official in the Reagan Administration declared last week that "discussions of the greatest sensitivity" were being held by the US and Angola Said a top State Department specialist. 'We've got to have some parallel movement on the Cuban issue or we won't get a deal.' The US believes that Angola may be ready to send the Cubans home because of the mounting cost of maintaining them

The possibility of an imminent solution to the 30-year-old dispute has sent a flicker of excitement through the usual Germanic calm of Windhoek Along Kaiserstrasse, the main street, office space is being booked by agents of the Western countries negotiating the settlement. The Windhoek show grounds are being swept for possible use as a UN barracks and Windhoek's topless massage parlors are preparing to recruit extra staff from South Africa. The city that has been moribund for so long is finally, like the diplomats, showing some optimism

Putting Salt on Old Wounds

Tokyo's textbook changes provoke protest around the Far East

In Seoul crowds of South Koreans, mostly senior citizens, massed in downtown Pagoda Park, chanting anti-Japanese slogans. In Taipei university students gathered 50,000 signatures for a protest petition to Tokyo. In Pyongyang the North Korean Communist Party newspaper, Rodong Simmun labeled the Japanese act "an intolerable insult to the Korean people," and in Peking the People's Daily omnously observed that some people in Japan are indulging once again in their dreams of aggression."

If the Far East had never witnessed so unusual an alliance among Communist and Nationalist Chinese, South and North Koreans, the reason was equally unusual The object of all the anger was Japan as its neighbors saw the issue, the Japanese were guilty of nothing less than attempting to rewrite modern history

According to guidelines set down by Japan's Ministry of Education, every textbook designed for use in the nation's schools must be carefully screened by a panel of government experts. When word leaked in the press last June about proposed changes in modern history texts that would gloss over instances of Japanese aggression in the period before and during World War II, Japan's neighbors, who remember wartime atrocities all too well, reacted with outrage Said a South Korean Cabinet Minister, giving vent to the prevailing sentiment outside Japan "Perhaps the Japanese are not capable of thinking like normal human beings

In trying to come to terms with the recent past, Japanese commonly refer to the country's defeat in World War II as the "end of war" and describe Creneral Douglas MacArthur's US occupation troops as the "garrison force" Such face-saving language hardly bothers anyone outside Japan, but the textbook changes did What particularly incensed Peking were references depicting the Japanese invasion of China in 1937 as an "advance," as well as paragraphs describing the fall of Nanking The revised passages seemed to suggest that Japanese atrocities had been provoked by stiff Chinese resistance * In the same vein, Koreans on both sides of the Demilitarized Zone took offense at

*For six weeks following the fall of Nanking in December 1937 Japanese troops went on a rampage of slaughter rape and destruction killing 300 000 Channel



Grisly reminder of the Nanking massacre



Perhaps the Japanese are not capable of thinking like normal human beings

the description of an aborted national uprising against Japanese colonial rule in 1919 as "mob violence" South Korean scholars reported that they had discovered 167 similar historical distortions in 16 Japanese schoolbooks

To keep the textbook battle from escalating into a major diplomatic row, Japanese Foreign Minister Yoshio Sakurauchi tried to set the record straight last week before the foreign relations committee of the Diet The Sino-Japanese war, he said, had "followed acts of aggression on the part of Japan," and the Korean uprising of 1919 was a 'national movement" aimed against "Japanese colonial rule" Still, such conciliatory comments were not shared by all members of Prime Minister Zenko Suzuki's Liberal Democratic government Education Minister Heili Ogawa, in whose bailiwick the controversy had begun, announced that as far as he was concerned, his ministry 'was not ready to revise those history textbooks

Such Cabinet-level disagreement hardly bolstered Suzuki's avowed aim to run his government according to the principle of wa (haimony), and the Prime Minister urged both sides to seek a compromise solution. That was not enough to calm the storm abroad Tokyo's angered neighbors made it clear they would agree to nothing less than a complete rewording of the contentious texts. Already unhappy about Japanese reluctance to provide \$6 billion in loans to help restructure a lagging economy Seoul pointedly snubbed a Japanese offer to discuss the schoolbook revisions Peking agreed to receive Japanese emissaries but blasted the revised history texts as a 'gross violation' of the principles underlying Sino-Japanese relations Indeed, in a joint statement normalizing relations between Japan and China in 1972 then Prime Minister Kakuei Tanaka had declared that "the Japanese side is keenly aware of Japan's responsibility for causing enormous damages in the past to the Chinese people through war and deeply reproaches itself" China also withdrew an earlier invitation to Ogawa to visit Peking If the tensions continue Suzuki may find his trip to Peking, scheduled for this fall to mark the tenth anniversary of normalization, in jeopardy

Whatever the impact of the textbook battle on Suzuki's immediate political fortunes, the fuss throughout the Far East has clearly set back Japan s efforts to burnish its image as a good neighbor Explained Tokyo Psychologist Kazuo Shimada "We are arrogant because of our economic might and often think nothing of our fellow Asians' feelings in the interest of saving our own face" What concerned Japan's neighbors more was the nagging sense that perhaps Tokyo had not learned the lessons of the past after all Said a South Korean parliamentarian, voicing the unthinkable "We must study the situation with utmost concern, when we think of the fact that Japan will be the world's third largest military power in several years" -By John Kohan. Reported by

S. Chang/Tokyo

Strong tractor

Fiat – one of the world's leading industrial firms

Founded in Italy in 1899, its products are the fruit of research and practical experience, and are now marketed in more than 150 countries

The Fiat Group is divided into 10 oper-



ating sectors
One of which
comprises Fiat
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Fiat Trattori at the service
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The company
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One of the world's leading manufacturers of agricultural tractors. About 10% of all tractors constructed in the Western world are made by Flat. Flat Trattori leads the world in the manufacture of four-wheel drive tractors and of agricultural crawlers its range consists of over 60 models from 30 up to 350 HP. Over 70% of its output is exported to more than 90 countries.

The company is top of the European sales league

The reliability of Fiat's tractors is demonstrated by their presence on

every continent

strong farmer

Laverda. One of Europe's biggest makers of harvesters. The leading manufacturer of rice harvesters. Present in over 40 countries.

Its harvester range extends from 70 up to 240 HP These machines can be suitably converted for the harvesting



of wheat, or maize, rice, minor cer-

eals, legumes The range also includes self-levelling harvesters for use in hilly country **Hesston.** A pacesetting company in
the field of fodder harvesters. It is
mainly engaged in the design and
manufacture of agricultural implements, such as mower-conditioners,
haymakers, fodder harvesters, win-

drowers, rotary mowers, balers, beet harvesters, cotton harvesters, liquid manure spreaders, cultivators, back-



hoes, tillers, and snow-plowers

Fiat Trattori is also engaged in the preparation and implementation of agricultural development schemes with various government offices in different countries







United States

Reagan Says All Aboard

But his ark faces rough sailing on the tax hike

n a whirlwind of high-pressure politics Ronald Reagan was waging the most perilous and difficult fight of his presidency The stakes were high If he failed to persuade Congress to pass a deficit-checking \$99 billion three-year tax hike, the already swollen tide of red ink in the federal budget would rise even higher. swamping hopes for economic recovery and threatening deeper recession Politically, a President who seemed to have a magic wand for passing major legislation would have shown that he could no longer control even his own party on Capitol Hill The myth of the Great Communicator's persuasive powers would be punctured and his leadership gravely impaired

No one was more aware of the risks than Reagan He drafted a prime-time TV speech to be delivered this week if the House and Senate are ready for a show-down vote on a tax and spending-cuts package that no one really likes He post-poned a vacation trip to California so he could have chummy chats with more than 150 legislators in the Oval Office and at Camp David He sent letters to

some 5,000 business leaders across the nation, seeking their support. He had the Republican National Committee dispatch some 30,000 pleas in his name for local party leaders to rally behind him. He taped TV spots to be aired in 30 regions in a \$400,000 ad campaign by the committee Overzealous aides even hinted that Republican campaign funds might be withheld from GOP legislators who bucked the President Reagan disavowed the threats but the warning hung in the air.

The tax increase, Reagan argued, is a bitter pill the nation must swallow to keep economic ills from worsening. He conceded at a Republican rally in Billings, Mont, that budget deficits are at the core of the problem (Even if Congress approves the tax bill and adds \$21 billion in fiscal 1983 revenue, the deficit is expected to be as high as \$150 billion.) 'For a conservative President like me to have to put his arms around a multibillion-dollar deficit is like holding your nose and embracing a pig," the President admitted But the way to get a grip on the "slippery" deficit.

he declared, was to raise revenues It is "the price we have had to pay' to get more spending cuts through Congress Reagan placed the blame on past Administrations, declaring, "If I could correct 40 years of fiscal irresponsibility in one year. I'd go back to show business as a magician You know, that might be more fun, pulling rabbits out of a hat than jackasses out of the way in Washington'

nlike last year, when he had to win the support of liberal and moderate Republican "Gypsy Moths" for his tax and spending cuts. Reagan this time was busy wooing rebellious conservatives. He quickly turned around Lyn Nofziger, his former political aide, who had instigated a meeting with New York Republican Congressman Jack Kemp and various New Right ideologues to plot against the tax increase. But Reagan could not budge Kerhp, whose political future seems tied to the fate of the supply-side economics that he has long championed "Jack," the President told him last week, "I wish you were with us on

this "Said Kemp later "We've just agreed to disagree

The President's sales tactics were sorely tested as he tried to lure other Re-Sublican conservative Congressmen back into the fold When eight of them were invited to the White House, Reagan was solemn He passed up his usual jokes and stories but employed what one participant called "a lot of eye contact Reagan claimed that he had no qualms about the bill and had not been talked into supporting it by aides. He insisted that only about 17% of the revenue in the package would come from tax increases (chiefly on cigarettes telephone bills and airline tickets) The rest would come from closing tax loopholes and getting payment from tax evaders, mainly by withholding taxes on their interest and stock dividends. It was true as he said in Montana, that the tax bill will not raise income taxes on the average American If the bill does not pass Reagan warned the balky Congressmen the deficit would soar and interest rates might reach 16° in November --when all House members face re-election That might be rough for them but it would be disastrous for the economy Reagan said. He's a very persuasive man observed Delaware Republican Thomas I vans after the meeting 'I could see some of us coming back on '

It appeared that Reagan had succeeded in keeping the conservative rebellion from spreading and had begun to turn the tide of opposition. His all-out fight had slowed the erosion of support for the bill, New York Republican Congressman Barber Conable told TIMI Correspondent Neil MacNeill The rebellion isn't feeding on itself now. His strong intrusion has

made people cautious

The critical test would come in the House, where many Republicans were outraged at a Democratic tactic that the President had nothing to do with After the Senate on July 23 had passed the tax bill without a single Democratic vote House Democratic leaders refused to take the bill to the House floor Instead, they went directly into a Senate-House conference committee where the package was being prepared for probable consideration in both chambers this week Most House Republicans refused to commit themselves to support a pill that they had not been allowed to shape

The President's problem was compounded by the probability that House Democrats would not provide the votes for passage of the tax bill unless a majority of Republicans also bit the political bullet The Democrats, in other words were willug to push the bill over the top as long as *ne Republicans got the blame That meant that Reagan needed support from about 100 of the 192 House Republicans At week's end White House aides could count only 43 firmly committed and another 20 who seemed likely to join him While the bill seemed safe in the Republican-controlled Senate, Reagan's friend, Nevada Senator Paul Laxalt, observed "This is the most difficult legislative challenge this President has had to face It's tight as hell "Still Reagan's clout and the obvious need for new federal revenue may prove decisive Reagan had one advantage in the struggle many of the dissidents in his party came from the South and West where he remains extremely popular with voters. With Reagan's prestige on the line Representatives from those areas might hesitate to vote against him

Incredibly the race to forge a final bill



Accepting Western cheers in Billings A President who talks weet and twists arms

before the House begins its August recess at the end of this week was stalled for two days by a deadlock over what Democrats claim was a mere \$145 million out of some \$17 billion in spending cuts that are also part of the package. At issue was a limitation on how much money a mother on welfare can earn without losing her benefits Democrats, led by House Ways and Means Chairman Dan Rostenkowski argued that the cap was needless and cruel Republicans, led by Senate Finance Chairman Robert Dole, contended that

lifting the cap actually would cost up to \$1 billion and the limit was necessary. He was forcefully backed by Democratic Senator Russell Long of Louisiana, a longtime critic of welfare programs and formei chairman of the Finance Committee As tempers rose Rostenkowski accused Dole in a telephone call of giving Long a virtual veto power in the conference committee Angry Dole hung up the phone

he personality clashes were finally smoothed over in private meetings and the vital deliberations of the committee resumed. The huge Ways and Means Committee room of the House was jammed with lobbyists staff assistants and reporters as the conferees, eight from the House and seven from the Senate agonized over each line of the Senate-passed bill Dole presided at a 60ft-long walnut table engraved with a giant eagle. Working long into the nights, the legislators decided to

▶ Require the withholding for tax purposes of 10% of the income individuals earn in interest and dividends. Lobbyists for banks and brokerage houses fought the provision bitterly But the IRS contends that much of this income is not reported now. Anyone earning less than \$100 in such income would be exempt from the requirement as well as many poor and elderly people. I stimated threeyear gain in revenues \$12 billion

▶ I liminate a tax change that would have cut deductions for business entertainment including the celebrated threemartini lunch to only half of the amount spent. This was a victory for restaurant owners, who preferred the alternative adopted by the committee. It requires that restaurants with more than ten employees must estimate the tips waiters and waitresses receive and withhold part of the sum to meet their tax obligation. The IRS claims that 84% of tip income is never reported. Estimated revenue gain \$2 I billion

▶ Require that any tax deductions claimed for medical expenses must exceed 5% of adjusted gross income rather than the current 3%. In addition, the deduction of up to \$150 for medical insurance now claimed by some 16 million taxpayers regardless of overall medical expenses, was eliminated. Estimated rev-

enue gain \$3.4 billion

As the week drew to an end the conferees struggled toward agreement on whether to close various loopholes benefiting businesses including the 'safe harbor leasing of tax credits and just how much cigarette telephone and air-ticket taxes should be taised. Whatever the outcome it was clear that Washington's well-heeled lobbyists generally were taking a beating They will get another crack at the bill when final floor votes are taken on the package But if Ronald Reagan prevails, the battered US Treasury and the nation's precarious economy just might emerge as winners - By Ed Magnuson. Reported by Douglas Brew and Evan Thomas/ Washington

United States

Calling Plays for the Gipper

Jim Baker's strategy group nudges policy toward the middle

In the eves of right-wing critics, the eight of so aides who meet almost every day in the White House have diverted the President from his ideological principles and led him down the primrose path of moderation and compromise. To others, the ad hoc group is the dynamo behind Ronald Reagan's legislative successes and the key to the biggest challenge of his presidency the proposed 1982 tax increase "It is the driving force in the White House today" says a top Reagan loyalist. It sets the agenda for what we're doing and where we're going"

Known by the misleadingly modest ti-

victory in every major legislative battle this year the final 1982 spending resolution which passed the House by 13 votes the balanced-budget amendment which passed the Senate by two votes, and the substitute nuclear-freeze resolution which passed the House by two votes. They have had one hell of a record with Congress, 'says Robert Strauss former chairman of the Democratic Party and a top troubleshooter for Jimmy Carter

What has made the LSG a lightning rod for the right is not its effectiveness in executing strategy but its success in moderating Reagan's policies 'A number of

Around Baker's table: Darman, Donald Regan, Baker, Stockman, Meese and Lyn Nofziger

"It sets the agenda for what we re doing and where we re going "

tle of Legislative Strategy Group (LSG). the brain trust that has coalesced around Chief of Staff James Baker 54 has become the Tolkien ring of power in the White House The group does not appear on any of the detailed charts drawn during the transition by Counsellor I dwin Meese, 50, to map the flow of White House authority Rather, it was conceived shortly after the Inauguration by Baker's deputy, Richard Darman 39, to coordinate the passage of Reagan's economic program "It was important that everyone in the Administration knew there was a clearing house," explains Darman Other core participants. Baker's partners in the White House top troika, Michael Deaver 44 and Meese, Communications Director David Gergen, 40, Kenneth Duberstein 38 the Administration's gregarious and highly effective lobbyist on Capitol Hill, Budget Director David Stockman 35 and Craig Fuller, 31, who coordinates the work of the Cabinet

By carefully choosing when to fight and when to compromise, the LSG has scraped together enough votes to ensure people thought there was a great distance between formulating policy and implementing it "says a key member of Baker's group "That is a preposterous notion" In fact, most of the major initiatives of any Administration have to be modified and compromised as they are translated into legislation Admits Meese's top deputy, James Jenkins 'The LSG can make the work of the Cabinet councils unrecognizable. This is not necessarily a bad thing in many cases the LSG has blocked the excesses of overardent Reaganites.

Consequently, Reagan's programs depend to a large extent on the style and philosophy of Baker and Darman Baker, a cautious buttoned-down Texas lawyer who worked in the presidential campaigns of Gerald Ford and George Bush, is guided by a belief that politics is the ait of the possible Says he "Some claim it's better to fight and lose than to give 10% and get 90% Well, they're wrong Dead wrong 'Even partial victories, Baker correctly argues, enhance the President's prestige New-Right Leader Howard Phillips, who has bristled at Baker's rising

influence, sees it differently "Baker's group calls the plays, and Reagan runs with the ball Baker only understands negotiating and compromise What he is doing is destroying Reagan's reputation for integrity and principle" In fact however, the group has ensured the success of some of the conservatives' pet projects, like the balanced-budget amendment

Darman Baker's alter ego has a high-voltage, Harvard-honed intellect and an aggressive personality to match Even more than Baker he is associated with the Republican Party's moderate wing, having once been a protege of Elliot Richardson's Says one wary colleague. Darman is the brightest guy in the White House Philosophically he is not where the President is

he LSG derives part of its power from its ability to react quickly. The group is kept lean and usually includes no more members than can fit around Baker's small mahogany conference table At times the LSG may alter a decision made by a Cabinet group in order to accommodate political pressures. When a resolution calling for a freeze on the production of nuclear weapons seemed likely to pass in the House, the LSG convinced Reagan that contrary to the policy pressed by the State Department he must embrace an alternative resolution that included the word freeze. Another tactic of Baker's group one that particularly irks right-wing activists is to place on the back burner programs they are not anxious to pursue for political or ideological reasons. Among them dismantling the Department of Education and passing a constitutional amendment to ban abortion

By far the most important policy initiative shaped by the LSG has been the tax increase that the House is scheduled to vote on this week Baker and Darman along with other key members of their clique, have always been wary of supplyside dogma and worried about looming budget deficits They felt that without the \$98 6 billion three-year tax increase fashioned in the Senate last month by Republican Robert Dole, Reagan's economic program would be doomed and his political popularity jeopardized. In presenting this argument to Reagan the Baker-Darman group excluded from the meetings those who opposed the Dole tax bill including Presidential Assistant Richard Williamson and key congressional conservatives

Having set Reagan on a course of increasing taxes, the LSG has put itself in an extremely vulnerable position Some right-wing Congressmen in fact, have labeled the tax-increase measure "the Baker-Darman-Stockman exit bill" Particularly if it fails, conservative ideologues may be able to convince Reagan that the power of the Baker-Darman dynamo should be curtailed —By Wather Issacson. Reported by Douglas Brow/Washington

A Conversation with Ronald Reagan

Even with the tax hike battle raging around him Ronald Reagan retains the serenity and confidence that have been key ingredients of his amiable style. En route to Billings. Mont, last week to appear at a Republican rally. Reagan spent nearly an how chatting with Washington Contributing Editor. High Sides abourd Air Force. One about the rewards and penalties of the presidency. Sides vieport.

A fter 18 months the Grecian Formula myth is at last retired. I say goody' says Ronald Reagan. 'I think a little more gray is in there which has stopped all those items that I dye my hair which I never did. He is right. I here is more gray in there. Whether it is the weight of leadership or nature belatedly catching up with him after 71 years is debatable. This morning the rest of him appears several decades younger.

The presidency so far I have enjoyed it he says simply and convincingly but declines to reveal whether he would relish another term Sure Reagan continues there are days that are very rough and there are some times when you are haunted by a problem for a few days until you know that a decision has to be made and there is no one else to make it but you Yet he has no regrets not even a Walter Mittvish twinge to be back in the movies in a juicy wide-screen part. I thought that I would miss that he says, referring to his switch from films to politics. Harking back to his days as Governor of California, he recalls. Nancy and I looked at each other one night in the living room in Sacramento and said. This makes everything we ve ever done seem dull as dishwater. It is the same way here [Washington] You get to help write the script

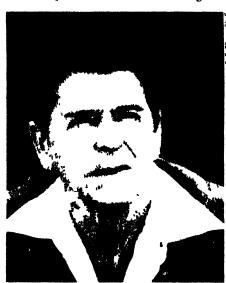
One reason he feels this way may be his concern about declining standards in film making. They don't make them any more like we made them then muses Reagan, looking down on Lake Michigan. We used to fret a little bit under the strict production code—rules morality and so foith. It made for great writing. Today they can just turn to obscenifies or profanity. The oldest rule is that you can't do anything onstage that s as good as the audience's imagination. Today they don't leave anything to the imagination."

His current world, of course has not been unlike a giant stage filled with diverse characters "It is amazing how quickly you befriend each other," he says of his counterparts round the world "You know that you are faced with the same problems and the same frustrations. Companionship at that level of power is special, and he never felt it so deeply as at the time of Anwar Sadat's assassination "It was not just a sorrow the sympathy that you have for someone well known."

Reagan says There was a feeling of personal loss. That was when I first began to realize that there is a bond when you meet these people.

I have to tell you Reagan goes on, Queen I lizabeth is a most charming, down-to-earth person. It didn't surprise me a bit to hear how she handled that intruder Incidentally she's a very good rider. When the two of them rode near Windsor Castle, he says it was not like in the parades where it has to be traditional sidesaddle. It is called the forward seat, the modern riding, and you knew that she was in charge of the animal.

The Queen is one of the world's great



Taking a break at his California ranch
There are days that are very rough

stage presences, and Reagan fondly recalls his dinner in the castle. At this magnificent banquet at which you had close to 200 people at a single table, you sit in the middle, the Queen and I on one side and Nancy and Prince Philip on the other. When the toasts are over, the two of us exit down that table. I he footmen pull the chairs back, and the Lord Chamberlain piecedes us walking backward. I suddenly saw this tiny figure beside me walking along waving her hand. She's steering him. She said to me, You know, we don't get those chairs even and he could fall over one and hurt himself.

But if the images of these friends are etched deeper in Reagan's mind the view of his principal adversary Leonid Brezhnev is elusive and even receding. I had met him ten years ago. That was when he was at San Clemente. And I did write him when I was in the hospital, after my little episode. I wrote him a handwritten letter. I will admit that the diplomatic corps was shocked and was not quite sure that handwritten letters should be written. But it was delivered. I reminded him of our

meeting, then I asked whether it is not governments that get in the way What would a summit meeting be like if it were between the people of our two countries? How much they would have in common with each other - the raising of a family, the desire to work at the work of their choice And I just said Some day, maybe we can sit down and talk about what do their people and our people really want 'I must say I was a little disappointed. Quite a bit later an answer came, and I think it was less personal than my letter had been It showed the hand of the bureaucracy Now of course there is a mystery for Reagan He does not know how much Brezhnev is still in charge

Mostly Reagan's mind is back home. He uses the phone on Air Force One to rally support for the tax bill. It is vital to meet what he believes is the country's greatest need to get those people back to work who want to work.

There is another part of the problem "Once this recession is under control, he says, "we're going to have to face that there has been such an increase in the work force we've got to look at our economy as to how we create the new jobs."

He sees another pressing need. To reawaken that American spirit of self-reliance, community pride where the first reaction to a problem isn't. Let's call Washington. Here believes Reagan, there is progress, shown by the hundreds of examples of community enterprises that are being catalogued by a task force. He mentions one the handicapped mother maintaining a family on a pittance but still able to write how blessed she is. When he got the letter, Reagan recalls that he said, 'Good Lord here is an American who has not been asking for a thing.'

The President rates his economic program enacted last year as his best accomplishment so far this despite the glum statistics that have followed. We got ahead of inflation far faster than we thought and then we found it created a problem for us he says, just a bit wistfully.

The image of saber rattler obviously bothers Reagan. He clouds a bit when it is mentioned. I realize he says, "that some have a perception of me as being a threat to peace. But you know, having to be with the military as much as I do for example in the ceremonies when heads of state come, you see these young men in uniform. I ve said to Nancy. How could anyone think that you downt to send these young men out to be killed."

When he spoke of the Falklands and of Lebanon Reagan frowned and looked toward the distant clouds "Lebanon, particularly is such a horrible one because of the loss of civilians. And this I don't think is ever out of my mind. This is what every

United States

day begins with—the latest cables from Habib And incidentally I m going to say in his behalf if this encouraging situation does bear fruit he would have been the greatest factor in it—he's tireless

The old professional actor admits that he can still get nervous before a command performance such as when he addressed the British Parliament. Some audiences can do that to you he declares. I had that same nervousness in doing a State of the Union address before Congress. You recognize that you face a professional audience that is aware of all the same problems you are going to discuss. It is like a clergyman who is speaking to a convention of ministers. You knew the same about Parliament, that there was a group sitting there kind of saying show me.

In the second-floor family sitting room in the White House Reagan has set up a corner with a telephone and some old furniture from California it is his favorite haunt in his new home. There are times when he yearns for real escape. Once in a great while. Reagan says, you glance out the window and the people are walking around Pennsylvania Avenue and you say. I could never say I am going to run down to the drugstore and get some magazines. You suddenly look out at what is so commonplace for everyone else and was for you throughout all your life and you say. I can't do that any more

But when he goes to Camp David Reagan finds a kind of contentment At Camp David' he says suddenly you're in a house that's house size. His trips beyond Washington (a company town) remind him that it is not quite as real there You get out and you rediscover America Reagan's daily newspaper reading is the editorials and the comics. He gets the news in a digest prepared by his staff. His favorite place remains his small ranch near Santa Barbara. He sounds almost biblical when he talks about it. I look to the hills from whence cometh my strength. In my case, it is absolutely true. His college years stand out now more in his mind as he looks back. It was a small school, and it was during the depths of the Depression I think now I can see that there was a bond among our people I worry that younger people don't realize how those times will be in their own lives how close they II remain with them

Reagan's life has rushed by at a frantic pace which seems not to perturb him at all Of course he tries to slow it down with a laugh whenever he can Now and then when the band strikes up Hail to the Chief the President leans over to Nancy and says. They are playing our song. He chuckled to himself an old sportscaster that the baseball All-Star game was plaved without his even knowing. Even that garish glen-plaid suit that rattled European style arbiters brought a guffaw. Did you see that suit on NBC's like that suit. And then I saw an NBC shot indoors and that suit gleamed like it was lighted up.

Definitely Not USDA Approved

Food stamps are the new funny money for criminal fat cats

The coupons are a second currency, says Brian Heintzelman chief inspector for the U.S. Department of Agriculture in San Francisco. Anything you can buy with money from electronics to houses to sex, you can buy with food stamps. Says his colleague, Jeffrey Rush in the department s. Chicago office. We used to think food-stamp abuse was just done in small amounts by little old ladies but now we ve grown up.

More than 22 million Americans are expected to receive \$11.3 billion worth of food stamps this year alone. The vast majority use them properly in exchange for



Mills shows goods bought with coupons

Cars Ils drugs even Mexican macans

food products at grocery stores. But in recent years, illegal trafficking in the stamps has spawned such a sizable underground economy that Government officials are clearly worned. Says John Graziano, inspector general for the Department of Agriculture. There is so much fraud we don to catch that it's mind-boggling.

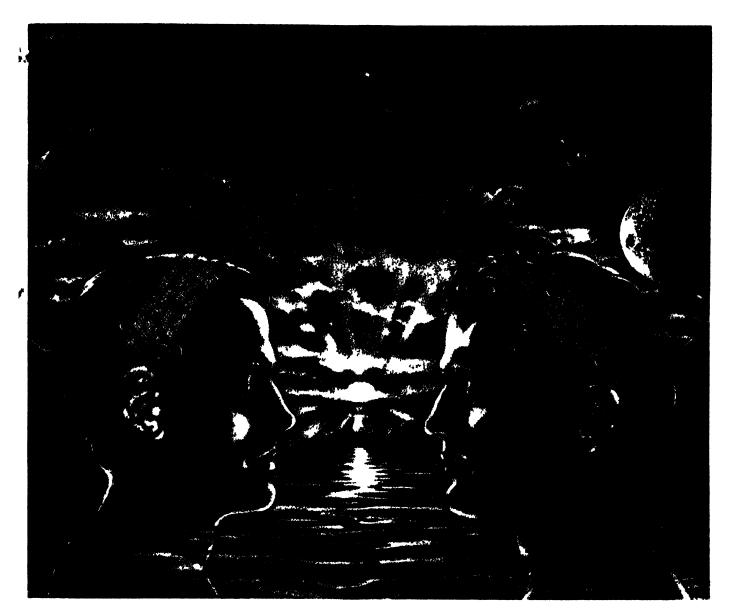
The catch to date suggests what is at stake Indictments for food-stamp fraud last year totaled 799 nearly double the number in 1980 the tally this year involving 40 states Guam and Puerto Rico has already topped 800. In the largest theft uncovered so far four employees of the Government Development Bank in Puerto Rico stole \$100,000 worth of stamps a day for four years for a total take of \$100 million. They were finally caught last May by Agriculture Department agents.

Many scams involve the purchase of

glittering nonfood items with stamps Agents have bought a motor boat and used cars in Illinois a gun complete with silencer in Wisconsin and marijuana in Kentucky At the Hennepin Hotel in Minneapolis the US agency investigators discovered that the owner gladly accepted the coupons instead of cash when it came to settle the room bill. In an investigation in Las Vegas headed by Lamond Mills, US Attorney for Nevada federal agents used the stamps this year to purchase among other items, four guns two diamond rings, a handsaw cocaine a macaw from Mexico the proffered services (not accepted of course) of two prostitutes even a three-toom house on Tamalpias Avenue (price tag \$35 520 in coupons)

his year alone 88 people have been arrested in Las Vegas on federal charges of food-stamp trafficking. In Chicago some 25 high-level dealers are under investigation. And in Baltimore last week twelve people were arrested for trying to buy heroin with the coupons. In many cases defendants are charged with purchasing stamps at a discount whether from counterfeiters or suppliers with access to stockpiles at state-run issuing offices then using them to buy just about anything but food. In the larger scams dealers sell thousands of dollars worth of coupons directly to dishonest food-store owners who act as food-stamp fences and pay 50¢ on the dollar before redeeming them for full value at the bank. But there is also a smaller scale mom-and-pop black market. Some sell their coupons for cash (as little as 10c on the dollar). The stamps are then resold several times moving from one middleman to the next before being turned in at a bank by a grocery store. All such transactions violate the U.S. Criminal Code and carry penalties of up to five years in jail and a \$10 000 fine

Even though investigations take considerable time and manpower officials are optimistic about cutting down the fraud Early last year agents and inspectors from the Agriculture Department joined forces with the FBI and the Secret Service partly to probe organized crime's involvement in food-stamp fraud. The redemption system helps net violators who must sign a receipt at a bank to convert food stamps to cash This creates a telltale paper trail 'There are a lot of stamp scams' says Robert Mueller chief of the criminal division at the U.S. Attorney's office in Boston But compared to narcotics cases for example there is usually a lot more evidence. Predicts Special Assistant U.S. Attorney Peter Robinson, whose San Francisco office has launched major investigations. When the arrests and indictments come, they will come en masse



Toward an ideal of universal communication.

People who deal in words envy the ability of music to communicate universally, because, surely, universal communication, with all its concomitants of mutual understanding, and the peaceful resolution of difficulties, is one of the best of all good things

This idea inspired the first International Edition of TIME, forty years ago. Today, TIME is read in English in 191 countries, and the idea seems more viable than ever Indeed, it has become an article of faith that TIME should be the same everywhere—communication without boundaries—a great common denominator of thinking people who are, in the best sense, worldly

TIME. Working toward an ideal of universal communication

United States

Jury Still Out

Donovan probe is reopened

only seven weeks ago, when Special Prosecutor Leon Silverman released a 1.025-page report stating that there was "insufficient credible evidence" to prosecute the Labor Secretary Raymond Donovan quickly declared that his troubles were over Not quite Silverman has reopened his investigation and TIMI has learned that he will present fresh allegations about Donovan's conduct to grand juries in New York and elsewhere.

Phase II of the inquity centers on the charge that Donovan then part owner of New Jersey's Schiavone Construction Co, met near Miami in January 1979 with two known mobsters. William Masselli a member of the Genovese Mafia family and head of an excavation firm that did business with Schiavone and Albert (Chink) Facchiano, a convicted loan shark and former capo (captain) in the Genovese clan The purpose of the Miami get-together was reportedly to set up no-show jobs for Genovese Mob members on Schiavone construction sites. Although Donovan refused to comment on the new inquiry, he has repeatedly denied meeting with any mobsters. He contends he had run into Masselli only about three times, always at job sites, and says he does not know Facchiano at all

In the first probe, Silverman received so many reports about Donovan's alleged conferences with mobsters in Miami that Facchiano, one of several gangsters mentioned in the allegations escaped any questioning Almost all the others had denied knowing the Labor Secretary and Silverman says that summoning Facchiano then seemed pointless. But I acchiano, who is serving time in an Alabama prison for loan sharking will now be called to testify Silverman will also attempt to interiogate two men closely connected with Masselli who were not questioned during the first probe Joseph Verlezza an associate of Genovese gangsters and Alfred Ditraglia, who watches over Masselli's interests in the Miami area including an oceanfront condominium During the initial inquiry Veile//a claimed he was too ill to testify. Ditraglia could not be found by Silverman's staff

The I HI faces some tough questioning of its own. The Senate Labor Committee is investigating the bureau's handling of Donovan's confirmation probe 18 months ago. The personal files of FBI Director William Webster forwarded to the committee last month reveal that the name of Schiavone appeared several times in the bureau's reports on the 1975 disappearance of formet Teamster Boss Jimmy Hoffa. That detail would surely have intrigued both the Senate committee that approved Donovan's nomination in February 1981, and the special prosecutor this year. But neither learned about it until last month.

Watts with detective at victim's grave site

Body Count

Mass slayings shock Texas

Texas had more than it could handle last week Within a span of four days police were confronted with four mass slayings that claimed at least 23 lives

It began a week ago Saturday Police discovered the skeletal remains of two or possibly three, men in an abandoned well in the woods near Blum in north Texas Arrested on suspicion of murder Jerry Van Pendley and Henry Burton Merrill, a hermit and trapper Then on Monday morning in a Dallas suburb Truck Driver John Parrish, 46, after an argument with employers over \$1,600 in wages, went on a rampage, fatally shooting six people and wounding four others at three places where he had worked He was finally killed in a shootout with police. A day later Junett Bryant found her son Ricky Lee, 31, dead on the bedroom floor of his cottage near Fort Worth, stabbed, castrated and decapitated. Four more victims were next door Larry Keith Robison, 25, who had been staying with Bryant while looking for a job has confessed to the killings

The fourth case surfaced in Houston Coral Eugene Watts, 28, a bus mechanic, was about to go to trial for burglary and attempted murder when authorities announced an unusual plea-bargain deal. In exchange for a 60-year sentence on the burglary charge, making him eligible for parole in 20 years as he would have been had he received a life sentence for murder. Watts agreed to help clear up a string of unsolved weekend murders of women in Texas. By the end of last week, Watts had admitted to strangling or stabbing eleven women (his motive women are "evil") and had taken authorities to the

grave sites of three victims Police believe he may have killed as many as 40 women, over an eight-year period in Texas Michigan and Canada

But until he began to talk, they had no proof he had committed any of the murders Watts' luck ran out last May 23, when he was arrested while trying to drown Lori Lister, 20, in her apartment bathtub. In the end Watts culpability came as no great surprise to Houston police. When Watts migrated south in March 1981 Michigan authorities warned. Texas police that he was suspected of being Michigan's 'Sunday Morning Slasher'. Houston police placed Watts under surveillance, but he was obviously not watched closely enough.

St. Louis Dues

Did Jackson push too hard?

hen the Rev Jesse Jackson the founder of Operation PUSH (People United to Save Humanity) visited St Louis early this month, he pointedly congratulated 7-Up for its commitment to blackrun enterprises over the next five years. Then he met with a group of black businessmen and made a rather blunt proposition to finance a drive designed to encourage the Anheuser-Busch brewery to give more contracts to minority firms they should each donate \$500 to Operation PUSH Said Jackson. We re all family here but you have to pay to play

To that a number of black St. I ours businessmen took offense. We don't need any outsider coming in and telling us how to get along and telling us we have to pay him to make progress, said one. Other blacks complained that Jackson had targeted the wrong company. 18% of Anheuser-Busch employees are minorities.

and the company purchases \$40 million annually from black businesses. Said William Douthit, the black president of the St. I outs Urban League. "We have always pointed to Anheusei-Busch as an example of ideal corporate social responsibility."



Jackson, 40, was not Jesse Jackson

without his defenders. At a press conference of 50 black businessmen and ministers, Dr. James Declue, president of the local N. A. A. C. P. board, said, 'We support the Rev. Mr. Jackson's concept. It would be idiotic not to, because we are doing the same thing.' But he stopped short of endorsing a campaign against Anheusei-Busch. For his part, Jackson accused his critics of ignoring their obligation to organizations like PUSH that have helped blacks' Said he "Anybody who wants to pick apples off the ground but is not interested in the forces pushing the tree is looking for something for nothing."

A Case of Mommie Dearest?

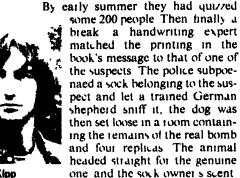
Sniffing out a suspect for the book-bomb crime

n a sunny afternoon last May just two days before Mother's Day, a parcel arrived at the two-story brick home of Howard and Joan Kipp in the Bay Ridge section of Brooklyn. The package was addiessed to Joan, 54, a supervisor of guidance counselors in New York City's public schools Standing in her kitchen Mrs Kipp tore off the brown wrapping paper and found the Quick and Delicious Gourmet Cook book She opened the cover Suddenly there was a flash and two 22-cal bullets tore into her chest kipp came running into the room and discovered his bleeding wife on the floor gasping, A bomb' A bomb' Three hours later, she was dead

The bomb had been rigged up ingemously. The cookbook was only 11/2 in thick but someone had hollowed it out and placed inside a six-volt battery wired to gunpowder and three bullets. The police were mystified as were neighbors and co-workers. Who would want to do Mrs Kipp any harm' Affable and popular mother of two grown children, Joan Kipp was treasurer of the Bay Ridge Community Council and was expected to be named vice president the following month Said her grieving son Craig 27 to a group of reporters It was an irresponsible violent Craig Kipp act that doesn't make any sense at all

Worse to come? Inside the boobytrapped book was scrawled an ominous note DEAR HOWARD YOUR DEAD BUT HIRST JOAN CRAIG NEXT DORFEN 100 NO MORE GAMES. The police immediately began guarding the entire family Since the bomb went through the mail a federal crime an investigation was mounted by

agents of the U.S. Postal Inspection Service Said one inspector 'It took a lot of thinking to make that bomb



Last week 91 days after Mother's Day, police arrested their suspect outside his Brooklyn apartment and charged him with mailing the deadly package -- to his mom. The accused Craig Kipp. The motive of Kipp, an unemployed marine engineer was not known (raig's father, for one stoutly proclaimed his son's innocence and raised the money to pay the \$300 000 bail



Americana

The "Lady" Vanishes

It might be a case of women's liberation or mistaken sexual identity or simple adolescent wanderlust. Whatever, the fact is that not since the turn of the century have bald eagles nested in Massachusetts, and there is no sign they soon will. In June two six-week-old eaglets from Michigan's Upper Peninsula were imported by Massachusetts wildlife authorities as part of a program to reintroduce the species to the Bay State When they were placed in cages atop a 21-ft tower all went well- at first Ross (the purported male) took to soaring like well, an eagle as soon as he was released last month But Betsy (the purported female) was not impressed Three days later she left the premises state trackers soon picked up radio signals somewhere over Ontario that were emanating from the transmitter on her tail. There's an excellent chance she'll return to nest' insists Bill Byine a state wildlife official 'It's perfectly normal for birds of prey to make long exploratory flights before settling into a pattern

But there may be another hitch in this



arranged romance. Was Betsy a lady? The usual tip-off to gender at that age is size but Byine admits 'We didn't run any blood tests. Maybe the eaglet had good reason to fly the coop

Absolutely, Positively

Dr Strangelove walked into a House hearing room last week looking suspiclously like an official of the U.S. Postal Service Testifying about a 1981 plan for mail delivery after a nuclear war Ralph H Jusell the Postal Service civil defense coordinator said. Those that are left will get their mail. Under the plan express registered, certified and special delivery service would have to be suspended for a while but first-class mail would continue to receive priority treatment it would be delivered even if the survivors ran out of stamps. Some preparations are already in place postal distribution centers have stocked food and medical supplies for their workers. What good would that do' fumed Representative Edward Markey, a Massachusetts Democrat There will be no addresses no streets no blocks Branding these blueprints no houses "idiotic and deceitful subcommittee members pointed out that there would also be no trucks trains or amplanes for delivering the mail Later, Retired Rear Admiral Crene La Rocque, a defense policy expert said. I can assure you that while neither snow nor rain nor hear nor gloom of hight will stay the postal couriers from the swift completion of their appointed rounds, nuclear war will

A Crackerjack Kid

The clerk in the Noblesville Ind. small claims court was rather startled when Wendy Potasnik 9 stood on tiptoe before his desk to file suit against Borden Inc. the huge food and chemical-products company based in Columbus Ohio It seems that Wendy got to the bottom of a box of Cracker Jack one day and found no free toy as advertised Recalls her moth-She was so sad-faced. Wendy wrote to Borden to complain but received no re-



sponse. So she and her father composed a complaint asking the court for a replacement box of Cracker Jack and \$19 to cover court costs. Says Wendy in her suit. 1 feel since I bought their product because of their claim, they broke a contract with me Borden officials pleaded for a little understanding pointing out that since 1912 they have packed some 16 billion little prizes in those boxes, they sent Wendy a letter of apology and a coupon good for one free box of Cracker Jack. But Wendy was unmoved. Says she. 'I hope next time they li have toys in the Cracker Jack Says her father. It was just meant to be a nice educational experience for her " Not to mention for Borden

COVER STORIES

Land Sale of The Century

Uncle Sam may have just the parcel for you

When people that came to the West particularly from the owned and fought-over farmlets of Lurope and saw so much land to be had to the signing of a paper and the building of a foundation an itching land-greed accord to come over them. They wanted more and more land - good land it possible but land anyway. The early settlers took up land they didn't need and couldn't use, they took up worthless land just to own it.

John Steinbeck Fast of Eden

he advertisements are not conspicuous. They do not cover bill-boards or blare from the television set. They appear instead as small-print public notices in local newspapers or obscure items up official. Government publications. Taken together though their import is unmistakable, the U.S. Government is about to hold its biggest real estate, sale, since the opening of Oklahoma.

I rom amber waves of grain to purple mountain majesties. America is selling a little bit of almost everything under its beautiful for spacious skies. Want a lighthouse overlooking one of the most spectacular stretches of California's rugged coastline. Just such a property is going on the block. A picce of prime bottom land in the Midwest. The Government is prepared to part with several hundred acres worth Looking for privacy. Uncle Sam is offering mountaintops and ranger stations in Montana and New Hampshire.

Not is this all. Uncle Sam is selling off prime property in the heart of New York City and on the outskirts of Philadelphia a piece near the Las Vegas Strip and a chunk of Waikiki Beach. It is unloading Air Force bases military ammunition plants and dozens of dams and water projects For those who might want to acquire apparently useless land for the simple satisfaction of owning it the Government is offering—at bottom dollar if necessary—watersheds flood plains and deserts.

The scope of the proposed sales is enormous By the beginning of next year the Reagan Administration hopes to dispose of 307 parcels totaling 60 000 acres. And this is only a sampler Within the next five years the Administration intends to get rid of 35 million acres by Executive Order. This is 5% of the Government's land holdings and constitutes an area the size of Maine, New Hampshire.

Vermont and Massachusetts combined. If the first five-year plan is successful, the Government may decide to sell more in the future. Both President Reagan and his Interior Secretary James. Watt are convinced that the U.S. owns far more land than it needs or can manage. And both believe that unneeded land should be turned over to private owners.

The Government should find no shortage of buyers I and has always been an important part of the American dream. The settlers began by clearing the forests around Jamestown Va. 350 years ago. Then they crossed the continent like a slow but inexorable army, laying claim to property to build homes to grow food to graze cattle, to protect water supplies. Their eagerness was understandable. Never mind how large and grand the continent of North America was the amount of land was finite. Once it was occupied there was no way to create any more.

y the end of its second century the U.S. had disposed of 1.14 bilflion acres of public land either to raise money or encourage settlement. When the going rate of \$2 an acreproved too steep for many pioneers. Congress passed the Homestead Act of 1862 It gave 160 acres to any pioneer who would live on them for five years, build a house and clear a portion. But with the closing of the frontier. Government policy changed Justifiably concerned by Americans penchant for overgrazing overcutting and generally misusing their land, the Covernment began to emphasize conservation. Around the turn of the century it created a system of National Parks and established regulations for the management and protection of grasslands and forests Occasionally the Government reverted to the old ways. But for the most part Republican and Democratic Administrations alike have viewed land as a form of capital and attempted to live off the interest both actual and aesthetic without touching the principal

It is this public policy and this philosophy which are now undergoing dramatic change. With Watt leading the way the Reagan. Administration is putting the Covernment back into the business of selling its real estate. The Administration's decision has raised fundamental questions about how America should manage its land, and it has touched off a



Along the wild and beautiful California shore 100

bitter battle between two rival and possibly irreconcilable forces

The leading figure on one side of the debate is Watt a contentious conservative who has created waves of controversy across the country in his zeal to open up public lands for development. The Government Watt maintains is an inept landford it neither manages property well not puts it to its best use. I want to open up as much land as I can Watt says If you are interested in the consumer-taxpayer American as we are you want to make the land more beneficial to the individual taxpayer. That might mean just managing the land better in some cases, it might mean selling it off in others' Developers, real estate speculators and many fellow conservatives wholeheartedly support Watt's view. Indeed it is impossible to argue that the Government does not have too much land or that it does not mismanage some of what it has



malls Such ravages they insist, must be prevented in the future We believe in the public lands says Geoffiey Webb of the 25 000-member I riends of the Larth We strongly believe that they should remoin public and should be maintained and managed for the public not for the marrow interests of those who might want to mine coal or explore for oil gas or minerals Other opponents, while willing to concede that the sale of some surplus land is justified fear that the Government may not act responsibly in the future Their bugbear is that once the process of selling has begun, there is no way to guarantee that a hard-pressed or politically motivat-

guments for conserving unspoiled tracts There are equally compelling reasons why the U s should dispose of lands for which it has little or no use particularly if these parcels can be put to better use by private owners

Foremost among the Administration's Justifications for the land self-off is its revenue-producing potential By White House estimates the five-year program will yield \$17 billion Says Watt What better way to raise some of the revenues that we so badly need than by selling some of the land and buildings that we don't need . Bruce Selfon, acting executive director of the Property Review Board which is preparing the list of parcels for sale says, "It is the best way we can think of to relieve the debt because it doesn't hurt anyone it doesn't

raise taxes. It doesn't cut anyone's budget

The sale housters claim might even suggest to other countries that the US is serious about putting its economic house in order Companies in a situation like this have often turned to liquidating assets, says Republican Senator Charles Percy of Illinois a leading supporter of the plan on Capitol Hill Why should the US Government be any different?

The Administration believes that a significant portion of Government-owned land excluding parks and wilderness areas would be more productive if privately owned The Government currently owns 740 million acres, or 32 7% of the land in



the US Most of this land is west of the Mississippi It also owns 405 147 buildings and \$52 3 billion worth of structures such as dams bridges, roads irrigation projects and monuments. Much of this property is used little or not at all and costs the Crov-

\$220 million

ernment far more to keep and maintain than it is worth Steven Hanke a former member of the President's Council of Economic Advisers, notes that grazing permits which last year produced \$24.9 million in revenues came nowhere near meeting the \$58.5 million it cost the U.S. to manage the grassland and cover payments to local governments in lieu of taxes The result in effect was a taxpayer subsidy to ranchers of \$33.6 million With public ownership' Hanke says politicians and bureaucrats are never directly and solely responsible for the consequences of their decisions

Finally the self-off is appealing to the Administration because it is a way of scaling back the influence of the Federal Government which is a philosophic objective of President Reagan Says Annelise Anderson of the Office of Management and Budget We want to sell properties as a way of coming to grips with exactly what size the Federal Government ought to be

The criteria for determining

what can be sold are straightforward Lands in the National Park and National Wildlife Refuge systems are exempt from consideration So are Indian Trust lands and Wilderness areas, Wild and Scenic Rivers National Trails national conservation areas and certain other lands designated by Congress. This adds up to 400 million acres. Everything else can be put on the block. The surplus lands first will

The last open space on the sand, Fort DeRussy huddles between Honolulu's high-rises

	AS LANDLONG	X of state investment by U.S.	Federal heldings in millions of scree
Tor	Alaska	89.4X	333.4
3	Nevade	See A	6 D.5
	Idaho	63.8	33.8
-	Uteh	43.5	33.5
*	Oregon	52.4	32.3
	Wyoming	44.6	30.3
	California	46.6	46.7
A.	Artsona	44.0	32.0
	Colorado	35.5	23.6

be assessed to determine their market value Next they will be offered to other federal agencies which may want to use them for different purposes. If there are no federal takers the lands will be offered to state and local governments. Only after all government agencies have been given an opportunity to bid will the tracts be offered to the general public

Exactly how the lands will be sold to the public remains to be determined The White House has not decided whether to do it by sealed bids public auction or some other method. 'It is clear that well have to go beyond what's been done in the past says Edwin Harper the President's assistant for policy development and chairman of the Property Review Board We can t just put an ad in the newspaper and see what responses come in

Such ads would certainly be interesting. In the first batch of 307 parcels there is something for everyone Care for a piece of out-of-theway America, An abandoned Air Force radar installation station on an acre at Cottonwood Idaho could be just the ticket Prefer something in the East' The 105 acres adjacent to the Saint Albans Air Force Station in northwest Vermont might be worth a look Feeling urban? The Frankford Arsenal an 87 7-acre complex of 167 buildings, sheds and loading docks in Philadelphia has all kinds of possibilities The sale will offer property in every state but Alaska Real estate

enticing examples

Point Sur Light Station. Perched on a gumdrop-shaped tock on the spectacularly scenic northern California coast this is one of the most exciting pieces being offered Often shrouded by fog and surrounded on three sides by surging seas, the gray stone lighthouse looms like a medieval keep above the 33-acre site. The Coast Guard which runs the station is keeping the lighthouse but the Interior Department is putting the surrounding property on the block anyway The State of California would like to lease the site for use as a park or youth hostel but does not want to buy it Whoever does buy it will need to negotiate a right of way with a local rancher whose land abuts the lighthouse property But anyone who can afford the price, estimated to be at least \$1 million, can probably afford to pay for an easement as well

Fort DeRussy. Most of this military installation, which occupies 72 acres in Honolu-14 will remain in Government hands But he 17 acres that are for sale constitute one of the last bits of open space along Waikiki Beach, where high-rise hotels and condominiums have sprouted like goldenrod along a highway Back in 1905, the military bought the entire 72-acre tract for \$200,000 David Stockman the Piesident's Director of the Office of Management and Budget values the parcel today at upwards of \$220 million There is one

keep it that way

Union Village Dam. Five miles north of where Vermont's Ompompanoosuc River empties into the Connecticut, the dam was completed by the U.S. Army Corps of Engineers in 1950 to control flooding. The dam itself will remain in federal hands but 259 acres of surrounding land most of it steeply sloped and heavily forested, are for sale. The site, which is not very accessible is now used by hikers hunters and fishermen But its covering of pine trees might prove attractive to loggers and this could push its price to \$100 000

Keyhole Unit. When the Bureau of Reclamation constructed the Keyhole Reservoir in 1952 it acquired a large amount of land near eastern Wyoming's Belle Fourche River Now the bureau proposes to sell off 280 acres most of it in scattered parcels near not directly abutting the reservoir Dry and covered with sagebrush the land might interest cattlemen looking for grazing areas especially if it can be acquired at a baigain price Property in the area is currently fetching \$125 to \$225 per acre

Westover Air Force Base. The only place in the East north of Cape Canaveral with a runway capable of handling the space shuttle, this western Massachusetts facility has been doled out a parcel at a time since the Strategic Air Command left it in 1974. The

base golf course was given to the neighboring town of Eudlow an electric utility consortium purchased the vaults once used to store nuclear warheads. A private developor is currently converting oncline servicemen s residences into one- two- and threebedroom units that will sell for \$25,000 to \$35,000 Now the base hospital and 45 adjacent acres are up for sale. The property is valued in the range of \$340,000

Bald Mountain Lookout. I ocated above the timberline atop a 6 000-ft peak in eastern Oregon this five-acre site was once an observation point for rangers trying to spot forest fires. It is too small to interest developers, but its remoteness and breathtaking views will chaim fugitives from city life. Land in the area is going for \$300 to \$500 per acre

Bucks Harbor Air Force Station. Sitting at the base of 260-ft -high Howard Mountain on the scenic coast of Maine 160 miles northeast of Portland, the base was abandoned by the Air Force last February and turned over to the federal Aviation Administration and the Defense Department. The Government intends to sell off 48 acres containing 27 three- and fourbedroom ranch houses built in 1959 a barracks a dining hall facing the ocean a former noncommissioned officers' club and a recreation hall with a lounge bowling alley and small indoor track. A local



group known as Howard Mountain Associates wants to turn the facility into a housing development for senior citizens. Washington County commissioners are interested in using the site for a prison. Whoever buys it will have to come up with a good deal of cash since the property is valuable especially by the standards of this economically depressed county. Undeveloped land in the area is currently bringing \$300 to \$500 per acre.

Jollet Army Ammunition Plant. The Covernment hopes to sell 1 300 acres of this 23 000-acre compound 50 miles southwest of Chicago. Last year the expendable acreage was leased to local farmers for \$750 000 they used it to grow corn hay soybeans and other crops and to graze livestock Farmers like John Nugent of Manhattan III who now tents some of the land for \$95 per acre are interested in buying if the price is right. Harold Holz who manages the land for the Univoyal Corp under a federal contract says that the grazing land is worth around \$1 500 per acre while the more fertile land may fetch as much as \$2,400 an acre. Potential bidders need not worry about the tons of explosives stored elsewhere on arsenal property, the nearest are more than half a mile away

Myrtle Beach Air Force Base. On the block are two parcels one within the base perimeter on busy US Highway 17 the other on a pypass behind the base The 51

acres are not eye pleasing but local officials believe the land fronting Highway 17 across from a state park could be worth as much as \$750 000 to a commercial developer. The other parcel has alrically been used for a highway 18 acres suitable for housing or commercial development remain.

Camp Lucas. Located on the edge of town in the wooded country of Michigan's Upper Peninsula, where some of Ernest Hemingway's Nick Adams stories are set, this nine-acre National Guard camp has piqued the attention of at least two potential users. I ake Superior State College is interested in adding the parcel to its 114-acre campus. The city of Sault Sainte Marie believes it has a legal claim to the land as well. The land is believed to be worth \$3,000 per acre.

Point Arena Air Force Station. Perched on a mountain 100 miles north of San I rancisco and five miles from the coast Point Arena covers 76½ acres and includes barracks a post exchange and several other structures. Once manned by 200 Air Force personnel, the station is now run by 45 civilians. Half the acreage is for sale. The property offers a stunning view of the Pacific and a thick carpet of redwood and pine trees. The Government has not yet determined its price, but land in the area is currently going for \$1,500 to \$2,000 per acre.

The New York Assay Office. Built in 1932, the five-story steel-and-concrete building has been vacant for more than a year It sits in the heart of Manhattan's financial district and contains more than

88 000 sq. ft of office space. A year ago the building was assessed at \$8.3 million. Today in a city where developers buildings for the right to tear them down the land alone may be worth that much

Environmentalists have tew objections to the sale of many of the lands included in the Administration's first offering. Much of the property consists of small tracts of little use to anyone but the owners of adjacent lands. Some parcels are located in flood plains, which make them unsuited for development others like unused military installations are clearly going to waste. Concedes Jack Lorenz, executive director of the 53 000member I/aak Walton League of America a leading conservation group. Certain outlying units too small to be efficiently managed should be disposed of lands having little value as parks or wildlife refuges and needed for the growth of urban areas should be sold at fair market value

But opponents do object to the way in which the decision to sell off chunks of America was reached. What the Administration is doing is trying to transfer as much of the publicly owned land and resources as possible to the private sector in as short a time as possible says Geoff Webb of Friends of the Earth. But none of this has been debated in a public forum. It is simply being done.

There is concern too that these initial land sales augur an indiscriminate clearing of federal property books. As long as they come out here and talk about selling a little bit of surplus land a lot of people don't get excited, says Ken Robison, a spokesman for Save Our Public Lands, an Idaho conservation group. I'm concerned that as the Administration pro-



interpret the lack of any real strong reaction to the initial inventory as consent

Opponents also argue that the self-off is unlikely to bring in anywhere near the amount of revenue projected by the Federal Government William Turnage executive director of the 50 000 member Wilderness Society considers it ludictous to sell land when the US real estate market is going through one of its most depressed periods in history Agrees Webb In a soft market the land will inevitably be underpriced and the public which after all is the owner of the land will end up getting ripped off

Even if the Administration reaches its revenue target opponents argue that the public will still lose. They point out that \$17 billion is a mere 1 5% of the \$1 trillion form of debt retirement. By law proceeds from land sales in 16 Western states must go into a fund for building and maintaining irrigation projects proceeds from the dispersal of certain other federal lands must go into a fund for the acquisition of parks wildlife preserves and similar properties Senator Percy has proposed a bill that would let the Administration use the money to pay off part of the national debt but passage is by no means assured

Beyond these objections environmentalists oppose the sales on principle insisting that the Government should hold and manage these lands for the benefit of all Americans not just those who can afford to buy and develop them. As a position paper prepared by the Wilderness Society puts it. American history has demon-

strated that the public is not well served in the long run by turning over commod ity lands to private interests. The aim of business is short-run profits, not long-run preservation - and experience has shown that conservation of resources is critical to sustaining a high standard of living- or living at all

For ranchers profits and conservation go hand in hand. Preservation of federal lands means continued access to vast grazing areas. The self-off threatens this arrangement since ranchers may not be able to afford to buy the acreage for which they now hold federal grazing permits

Careening into Oklahoma

t looked like a cross between a gigantic camp meeting and the gathering of the lost tribes of Israel First singly, then in twos and threes, finally by the trainload, land-hungry Americans gathered along the edges of a stretch of the Oklahoma Territory known as the Unassigned Lands Through most of April 1889, soldiers patrolled the edges of the area to keep anyone from crossing into the territory prematurely

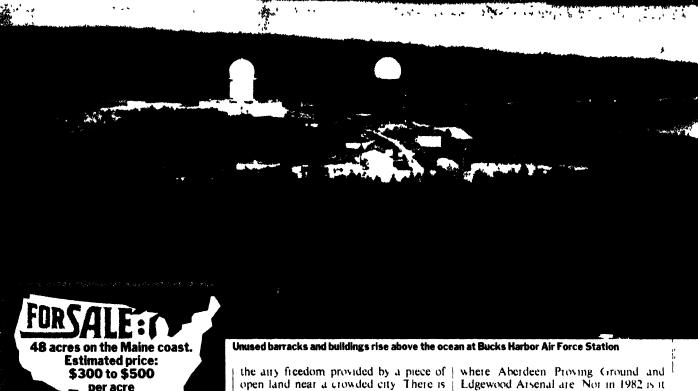
The occasion was the opening of nearly 3 000 sq mi of the Oklahoma Territory to settlement For decades, the U.S. Government had been content to use the land, which it had acquired in the Louisiana Purchase of 1803, as a resettlement ground for displaced Indians But after the Civil War, the white settlers began demanding parts of the territory Cattle-

men wanted to drive their herds to market along the Chisholm and Shawnee trails. America's new immigrants wanted land for farms. Ignoring Government restrictions, settlers known as boomers began to squat on lands in the territory

On March 23, 1889 President Benjamin Harrison issued a proclamation stating that in one month 1 887 796 acres, or some 4% of what eventually became Oklahoma, would be opened to settlement. Pioneers could claim 160 acres

At noon on April 22, soldiers fired their pistols in the air, and the territory was up for grabs. Some 50,000 settlers, many galloping on horseback others riding in wildly careening wagons, a few sprinting on foot raced to find a good piece of land they could claim as their own. Almost everyone got something—except the Government. It had planned to charge settlers \$1 25 an acre Eleven years later, with only a fraction of the money paid it waived the charge

TIME, AUGUST 23, 1982



Says Paul Bottari executive secretary of the Nevada Cattlemen's Association "Cattlemen would have supported the sale of public lands if there had been provisions built into the proposals to ensure that they would be able to utilize their present rights

In effect the ranchers want protection against themselves. One of the reasons that they are so dependent on public grazing lands is that private ranges have been grossly overgrazed. Environmentalists cite this as proof of their contention that commercial interests are often concerned only with profits. The timber industry has been another offender it wants to buy national forests in part because private lands have been overcut. Indeed environmentalists note the whole purpose of creating the national forest system was to prevent loggers from stripping the woods bare. Two-thirds of the timber in this country comes from private land and private timber industries can overcut or do whatever they want with that land and the timber on it says Turnage. But we want to make sure that the other third is managed properly so that we will all have timber into the 21st century

Pethaps most important of all opponents argue that the worth of land simply cannot be measured in dollars and cents The idea that man can assess the value of a piece of land doesn't take into account what we've learned about ecology in the last 40 years, says Maitland Sharp conservation director of the Izaak Walton League To be sure there is no way to calculate the dollar value of the view from a

mountaintop the solitude of a forest or

open land near a crowded city. There is no way to put a price on an ecosystem that is destroyed to make way for a shopping center or a high-risc apartment

At the same time however, who is to say that a scenic view is worth more than housing for the elderly. The environmental movement has performed a valuable function during the past two decades making Americans aware of the problems of pollution and lobbying for cleaner air and water. But the movement has also indulged in some knee-jerk opposition to almost any change tying up some construction projects with endless legal maneuverings or seizing upon spurious excuses to stymie others. It delayed the Tellico Dam for years for example only to discover that the tiny fish called the snail darter lived nicely elsewhere with no help from man. In Maine construction of the Dickey-Lincoln Dam was almost held up because of environmentalists, concern for a plant called the Eurbish lousewort

nvironmentalists must remember that the areas they seek to preserve intact are often of interest to only a relatively small segment of the public. America's land belongs just as much to those who want fuel timber and high ways as it does to those who want unspoiled mountains and virgin forests

It is clear that land-use policy in the US must be brought into line with changing conditions. What was an appropriate way for the nation to use land a century ago or for that matter a decade ago--may not be appropriate today Many present holdings may be unnecessary. No one would seriously argue that 18 miles of the western shore of Chesapeake Bay located in one of the country's most populated corridors should be a military reservation and gunnery range. But that is

Edgewood Arsenal are Nor in 1982 is it logical for the Covernment to own 17 is miles of invaluable Southern California coastline between Los Angeles and San Diego Surely there are more appropriate places to teach Marines to wade ashore than at Camp Pendleton. Is the Government the most logical owner of Governors Island a beautiful 173 acres at the entrance to New York harbor? The days when a fort could defend a harbor vanished many a war ago

What is needed is a cool and rational balancing between competing interests The Government should weigh each proposed sale to determine if the property is in fact surplus and whether it might be put to better use. Decisions should be made on a parcel-by-parcel basis with time for all interested parties from enviconmentalists to would-be buyers to make their views heard. Such a policy would slow the Administration's attempts to reduce the Government's holdings. It would probably cost the country a few tons of coal some board feet of timber But it would reassure Americans that their land is not being squandered or abused. The nation's land is too valuable to be peddled off precipitately. Managing and preserving it is, as Historian Bernard De Voto wrote three decades ago the only Government responsibility besides atomic energy in which a mistake made today cannot be corrected tomorrow

His warning is well founded. The U.S. should not hoard land to do so in a changing nation does not serve the society's best interests. But it should heed the lesson of the biblical Esau and not sell America's birthright for a mess of pottage' Esau cared little for his birthright. Future generations of Americans may be more interested in theirs --- By Peter Stoler. Reported by Gary Lee/Washington, with other bureaus

United States

*Always Right and Ready to Fight

With James Watt in charge, the Interior Department means business



When James Gaius Watt was in the third grade in Lusk Wyo (pop 1,800), his mother organized a club called the Five Rabbits, which consisted of

the five Watts We d elect officers, 'says Lois Watt now 71, 'and the kid that got to be president held office for a month That formality Lois Watt says was the

way she and her husband William. now 75 trained the children how to make motions make amendments and so on. It was the right of each child while president to set the Live Rabbits agenda. The girls I lizabeth and Judith would usually opt to lead family sing-alongs or recite poems. Not James, the serious middle child Jim remembers his mother would like to make speeches Today" He has high ideals she says, and doesn't deviate an inch

Indeed Interior Secretary James Watt 44 has lost none of that astringent seriousness of his Wyoming boyhood Even more he still seems powered by youth's missionary energy the sense of absolute righteousness that maturity usually softens. It is really very simple Watt says of his really very complex duties as manager of the Government's 1.5 billion acres of land and water America must have abundant energy if we are to secure our freedom and liberty and create jobs" For Watt, that means a rather sudden, gear-grinding tilt toward private exploitation of Goveinment-owned natural resources, toward drilling and mining and away from a supposedly too scrupulous preservation of nature

major conservation group and 40

members of Congress have called for his resignation) and probably the faithest right Like the President Watt is, above all. bent on reducing the power of the Federal Government The anger he incites, however, stems not just from his pro-developent, 'free-market' policies at Interior but also from his preachy, pugnacious style "Jim Watt just stimulates every single emotion" says Wyoming Senator Alan Simpson one of the Secretary's oldest friends "People flunk the saliva test when they think of him there he is, with this great, leering grin ' Demonstrators taunt him everywhere he goes

Even Watt's allies in business and

Government think his provocative thetoric and willful manner are sometimes counterproductive And perhaps because Watt, as Simpson says, "is convinced that he has God on his side ' he can hardly bring himself to make even a pretense of accommodation. There are some people. Watt says about his huge mob of critics ' who will never be brought around to my philosophy And I pray I never yield to their positions. They are wrong '

Watt is the most controversial The Secretary in Washington, home for 17 of the past 20 years member of Reagan's Cabinet (every "Thave never had criticism from anybod) I really respect

Watt's path from the arid high plains of eastern Wyoming to Washington power was straight and narrow Rarely are roots so plainly important in shaping values and an outlook William Watt set up his legal practice in Lusk in 1937, James was born the next year. The Depression was lingering on, but Lusk was lucky a big oil find 20 miles away created a pocket of prosperity The influx of oilfield roughnecks made nearby Lance Creek "kind of a freewheeling town," a family friend recalls and the roustabout carousing might have been a natural source of criminal clients for Attorney Watt According to the friend, however, "he was so religious that it characterized his business. A lot of people who got in trouble with the law didn't want a lawyer who they thought was a pretty tough cookie himself

Jim was an exceptionally good boy He was a Boy Scout (but only a tenderfoot) and always near the top of his class He was an enthusiastic athlete despite his poor eyesight. He did his chores. 'I grew up on a ranch 'Watt has said and he did. after a fashion for three summers, he

SUSAN MC FUR NHEE Shipped out to work on his uncle's 7 000-acre spread. It was "his father says 'a way to see how the other half lived

> When Jim was twelve, the Watts moved 100 miles to Wheatland (pop 2 200) a farming town they considered more durably prosperous than Lusk Their son was the same old Jim. I ven on weekend nights his father remembers the Wheatland High School valedictorian ' would be in there doing his studies while the other boys were out on the town. They used to kid him a lot. When he would join his buddies for a drive Jim apparently resisted unwholesome peer-group pressure Says his mother. If the other kids had beer in the car he would decide to come home

> Just before his senior year Watt was named Wyoming's outstanding male high school student' his female counterpart was another Wheatlander, Leilani Bomgardner Two years later the pair both then at the University of Wyoming were married Their two children, Liic 20 and Erin 22 are today undergraduates at Tulsa's Lundamentalist Oral Roberts University

> Watt's politics like his ramfod Christian morality were firmly set before he left home. You could see the New Deal the left wing taking over, 'his father recalls. We were Republican rabid Republican

In college Watt remained diligently on track. He was president of the honor society for three years and an honors graduate Recalls a fraternity brother 'He was not a hell raiser. He never drank. He still abstains from liquor and coffee

Watt stayed on in Laramie to get a law degree went to work for the successful Senate campaign of Conservative Milward Simpson the current Senator's fa ther and then to Washington for a four-year stint as Simpson's legislative aide Says a member of Watt's staff "It is important to remember that he worked for a western Republican during the formative years of the Great Society Such people were treated like manure by those in power Watt hasn't forgotten that "His feelings of resentment, the aide believes account for some of Watt's environmentalist-baiting vigor

Over eleven years Watt held Washington jobs that honed his expertise and his ideology. As a U.S. Chamber of Commerce lobbyist, he worked to defeat all manner of environmental regulation. In the Nixon and Ford Administrations he served a well-rounded apprenticeship as an Interior deputy in charge of water management as director of the department's land-buying. Bureau of Outdoor Recreation and, finally as a federal power commissioner. As a result Secretary Watt's technical mastery of his job is positively staggering.

n 1977 Watt returned West to become the first president of the Denver-based Mountain States Legal Loundation, a "public interest law firm underwritten by conservative Western businessmen Under Watt, Mountain States went to court to fight against discount utility rates for elderly and disabled people in Colorado federal strip-mining regulations, a plan to designate part of a Wyoming oilfield a protected wilderness area and a National Park Service ban on motorized rafts in the Grand Canyon 'When Jim believes he's right he's a man of action, says Lawyer William Mellor III, who worked for Watt in Denver Another Mountain States lawyer, Kea Baideen, explains Watt's rationale. He believes that if you make a decision and it's a mistake you can always go back and fix it '

In the conservation is development debate the impact of today's policies will not be fully apparent for decades. It is that very uncertainty that has led Interior policymakers to err on the side of preservation and caution. Because Watt's radical course carries with it the risk of irrevocability—lands cannot be unsold, offshore oil wells undrilled nor sulfied wilderness made virginal again—his department is no longer a quaint political backwater. For better or worse Watt's Interior stewardship may be the century's most significant. Among his controversial moves.

Offshore Oil Leasing. Watt is opening up to oil companies nearly all 1 billion acres of US coastal waters 25 times that offered since the program began in 1954 Critics say that the risks of oil spills and other environmental damage will be grave and that the massive enterprise is beyond the oil industry's technical and financial means

Land Leasing. Under Watt the federal acreage leased for oil exploration has more than doubled, land leased to coal companies has quintupled Conservationists worry, for example about the lease hastily granted last fall for drilling beneath New Mexico's Capitan Wilderness Critics also say it is unwise to auction coal properties during a market glut

Wilderness. Under current laws the 80 million acres of pristine US wilderness will be permanently closed to any new mining and drilling leases after next year. Watt has proposed modifying the ban in 18 years all wilderness lands would become available for exploitation (Last week the House unequivocally rejected Watt's plan It voted 340 to 58 to outlaw most wilderness leasing immediately and the remainder on schedule in 1984)

Opposition to these initiatives is loud and occasionally overwrought. James Watt is sneaky and malicious,' says William Turnage, executive director of the Wilderness Society. "He is the worst thing that ever happened to this country. On a few other issues, the criticism is less vituperative, and Watt is defenses are more solid and more temperate. Some people oppose his moratorium on the Government purchase of new land for parks for example, but Watt believes it is more urgent to remedy the deplorable conditions of ex-

almost mutually exclusive But even some allies have lost patience with Watt's combative bent. They regret among other things the political costs of Watt's proposal that snowmobiles and motorbikes be more widely permitted in national parks.

For his part the Secretary contends that the truculence has been necessary to beat back an 'inherited program that was so far in left field. I had to shock the staff'—if not the public—to bring about the changes we wanted. He smiles Some time I hope to write a book. The Theatrics of Management. Some of his theatrics have given pause to Administration political advisers although apparently not to Reagan, and Watt says the White House has never told him to shut up

Watt still enjoys widespread support and even adulation in most of the West where indeed Interior policies have their greatest impact Ranchers, who often graze their heids on federal lands are pleased that Watt has given more authority to loca



Making an aerial inspection of an interior fief—the Grand Teton—in Wyoming, his native state

Watt stimulates every single emotion—people flunk the saliva test when they think of him

isting facilities. Indeed. Interior's budget for park improvements has nearly doubled under Watt, the sewage system at Yosemite is being rebuilt at a cost of \$4.6 million and Yellowstone tourist facilities are undergoing a \$7.6 million renovation.

But such bits of unassanable work are usually lost amid the Watt bombast and anti-Watt bombast. He claims to wish that opponents would sit down and intellectually discuss a subject with me instead of sc. earning. Yet in fact Watt's antipathy for environmentalists, whom he dismisses as 'left-wingers, practically precludes any such sober give and take "Jim Watt did not make an honest attempt to come to terms with our concerns,' says Jay Hair, executive vice president of the largely Republican National Wildlife Federation. "He kicked us out and slammed the door behind us

Watt admits as much After all, he says 'I have never had criticism from anybody I really respect. The problem is that for Watt criticism and respect seem

bureaucrats who they feel administer grazing rights most sympathetically

Senator Simpson thinks Watt will keep his job as long as he wants it. But he understands his friend's central problem inflexibility of almost heroic proportions. He has never been in felectorall politics. Simpson explains. He has never been through the forging process when you regetting your hide torn off, and you have something you really believe in. He has never learned how you compromise on an issue without compromising yourself."

Another Republican a former senior Interior official is less charitable. He agrees that "Watt is a bright articulate, God-fearing man". But each virtue has a dark side. "He is also narrow vindictive and arrogant." Unfortunately for Watt, it is the latter qualities for which he has become best known it looks as though his antagonists will have James Watt to kick around for some time to come. And he them.—By Kurt Andersen. Reported by Steven Holmes/Los Angeles and Gary Lee/Washington.

Of Real Men and Quiche Eaters

A look at a manly manual that hurls defiance at modern mores

Wanda Ralph you and your pokerplaying cronies were cackling all evening about Keesh Keesh What is he some new ballplayer?

Ralph Wanda that's 'quiche You know, the inedible French pie favored by ladies clubs and men of uncertain sexuality. In truth, we were having a high-toned discussion of an absolutely brilliant book. Real Men Don't Eat Quiche. A Guidebook to All That Is Iruly Masculine. It's by Bruce I eirstein a young screenwriter who was one of the contributors to the Preppy Handbook. There are 670 000 copies of Real Men in print and he's al-

ready sold it to the movies. Many of us consider the book a sort of antidote to Phil Donahue. It's a manly manual that hurls defiance at shallow contemporary mores. I like Becket at Westminster Luther at Wittenberg and Nelson at Irafalgar. Only this time it's I cristein at brunch.

Handa Then I take it that we're talking about a crude non-book of low-tent backlash humor

Ralph You're on the right track dearest like so many other major thinkers. Feirstein divides the world into two kinds of people real men and quiche eaters Real men love John Wayne chain saws beer and Monday Night Football They never call spaghetti pasta they never bunt never have meaningful dialogues and generally live lives of manly action They are meatand-potatoes men who are secure enough to wear their labels inside their clothing. They avoid foreign films because they are insufficiently violent and full of tired twaddle about the meaning of life Quiche eaters on the other hand never see women as sex objects They adore arugola salads wear

bikini underpants gold chains and designer clothes, and in general are trendy warm sensitive wimps. They are forever sifting their psyches instead of doing something useful. Above all they eat quiche, which real men avoid because it's I reach and looks as though it has already been eaten. Peter Rose is a real man. So is Margaret Thatcher for sending the fleet to the Falklands. Robert Redford and Jerry Brown eat quiche.

Wanda Right Now tell me some of the humor

Ralph Hold on Wanda It may not offer the kind of rich belly laughs you derive from the average issue of Ms.

but it's pretty funny stuff. If one of your grim three-named feminists had written something like it, you'd be slapping your thighs for days and sending off ecstatic telegrams to Alan Alda

Wanda Try not to be defensive Ralph I am perfectly willing to take on faith the proposition that you and many other poker players consider all this funny But what does it have to do with you? You sobbed through L I like every other sensitive simp. Your life of manly action is conducted behind a desk and in front of a TV probably just like Feirstein's And as for chain saws.



'Oh my God' It's finally happened!

you can barely operate a toaster without help from the kids

Rulph Lighten up Wanda It's a book of humor In fact it appeared as a piece in Playhov and Playhov always labels such pieces 'Humor,' so its readers will be sure to know

Wanda In this case a humoi label would seriously risk prosecution under truth-in-advertising laws

Ralph What's wrong with laughing at all the mellowspeak and psychobabble in the culture like getting your act together. 'looking for space' and 'getting in touch with your feelings'" You must admit quiche is a pretty good symbol of

all the pretentious junk around us. And what about designer clothes designer sheets and towels.

Wanda If they come out with a designer cat food, I m going to be deeply and importantly ill

Ralph Attawoman Wanda' You can afford to laugh at this book. I promise you Gloria Steinem will never know.

Handa Somehow I doubt that all you locker-room towel snappers are rushing out to buy this book just because it attacks quiche and designer jeans. Could it be that you are making fun of men who talk to their wives treat them as equals and are not afraid of being sensitive and vulnerable?

Ralph I ace facts Wanda vulnerability is over In the old days of feminism a man could go far with a tremulous lower lip and glistening eyes

backed up by powerful tear ducts When most men were coming on to women like authoritarian daddies or crazed steamfitters the Montgomery Clift approach was a brilliant and effective breakthrough Nomore Women now are smarter and tougher and they ve figured out that soul searching simps aren't very useful. If you had a crisis in your life would you rather face it with a quivering sniveler or a man who can cope?

Wanda I drather face it with a better debater than you Ralph Be serious. Who says copers can to be sensitive understanding and sympathetic? All you chest-pounding theoreticians make it sound as though we have to choose between Hamlet and King Kong. Is that what your Bruce Jenstein thinks?

Ralph Actually no He's apparently a bit of a quiverer. He has been quoted as saying. You nicet a woman and want to go out with her but how do you achieve your goal? Are you soft and vulnerable or do you come on like Tyrone Power?

Wanda Fine III send Feirstein some literature. In the meantime let's take the sociological long view of the fad for this book and say that it's just one prolonged nervous titter by easily threatened males you poor vulnerable deats. Or do you all want to go back to the time when women were wimpy and obedient?

Ralph Absolutely not' Speaking for all men I can assure you that we want manly wives who work a grueling tenhour day at the office then speed home to scrub the floors fix dinner and tend the kids all without ever coming into the IV room whining for help around the house

Wanda Is that ever the truth Say good night Ralph By John Leo

Cinema

A Palpable, Homespun Integrity

Henry Fonda 1905-1982

om Joad, that quintessential Tom Joad, that spinned mother Okie has just told his mother falsely acthat as long as he stands falsely accused of murder and has to run, he intends to turn his time on the road to good use as some sort of farm-labor organizer. She cries out in anguish, "How m I gonna know bout you? They might kill you an I wouldn't know How m I gonna know?

The camera moves in on her son's face, his honest, decent heartbreakingly beautiful face and he replies, 'I'll be ever where---wherever you look Wherever there's a fight so hungry people can eat I'll be there Wherever there's a cop beatin on a guy, I'll be there I ll be in the way guys yell when they're mad- an' I'll be in the way kids laugh when they're hungry an'they know supper s ready '

The speech is ineffably corny, American transcendentalism filtered through the pop leftist rhetoric of a 1930s bestseller, brought to the screen in 1940 Yet four decades later this scene from The Grapes of Wrath still shines as one of American film's privileged moments. And the viewer seyes. As Tom Joad: a privileged moment still shine in response to it no matter how many times he has seen it

For this is not just an appealing character speaking his own epitaph, it is Henry Fonda's annunciation as an actor that moment when he began to shed the first impression he had made in films like The Farmer Takes a Wife-that of a shy likable but lightweight piece of homespunand take on the raiment of authority Look-

ing back now, we see that there was no one else who could have played Tom Joad no one else who could do what Fonda did drain the sentiment and literariness out of that speech with his drawling directness and, in the process, encompass some of what is best in the American character

That role was always on his list of personal favorites along with Mister Roberts of course, the thoughtful jufor in 12 Angry Men and the troubled cowpoke who fails to stop a lynching in The Ox-Bow Incident All were projections of a humane decent and liberal-minded man trying to do the right thing in a world that often thought wrong and behaved worse But there was another side to him He said once that although he did not consider himself neurotic. 'you become an actor maybe because there are these complexes about you that aren't average or normal and these aren't the easiest things to lives with You can be easily upset,



or short-tempered, or lack patience' He was married five times (and goddamned ashamed of it) and had his problems with his children Actress-Activist Jane and Actor-Director Peter But there was something almost palpable about the

man's integrity, symbolized by his lifelong insistence on regularly abandoning the screen for the rigors of the stage. That

As Mr. Roberts: a decent humanity



quality encouraged forgiveness of his occasional wasted screen moments, a certain sympathy with his troubles. When his last marriage, to his wife of the past 16 years, the former Shirlee Adams, turned out hap-

pily, and he and his children finally formed a mutual admiration society (though he continued to grump about Jane's Method acting), one shared his obvious pleasure and pride

ne also sensed that his lifelong workaholic tendencies were a way of keeping his talent not just in shape but growing, so that his final, Academy Award-winning appearance in On Golden Pond turned out to be something few old actors manage a triumphant valedictory rather than a sad farewell tour of remembered glories. One sensed there, as elsewhere, that this paradoxically shy man worked earnestly, without visible egotism, and often with a hint of steeliness grounded in his conservative Nebraska background, to turn his private turmoils to metaphorical account in his roles. How else account for all the character portrayals that turned out so well--victim (The Wrong Man) and coward (Welcome to Hard Times) stiff neck (I ort Apache) and klutz (The Lady Eye) blackguard (Once Upon a Time in the West) and sly egotist (My Vame Is Nobody) raw presidential timber (Young Mr Lincoln) and polished (The

He tended to dismiss the growing recognition that he had quietly become one of the great actors of his generation, perhaps of the past half-century 'I know people use words like national treasure and such when they talk about me,' he said 'I don't pay any attention to that It's embariass-

Best Man)

ing" He always preferred to confine craft discussion to simple and simplifying definitions ("I don t believe one studies acting—one feels it, knows it, plays it") and to almost homiletic determinedly unsubjective observations about what he did ("Make the audience believe they are not seeing an actor working, but a real person with feelings and hurts")

Believe we did, with increasing affection as the years wore on Maybe, after all there was an actor's epitaph in part of Tom Joad's speech Maybe a fella ain't got a soul of his own, but on'y a piece of a big soul-the one big soul that belongs to ever body the time he died last week at 77, after a typically gallant, and underplayed fight against heart disease that had confined him almost completely to his bedroom for a year. Henry Fonda had personified hundreds of pieces of that one big soul and in the process had become rather a large part of it -By Richard Schickel hım



L'Amour pannin' for Eastern gold

Though his home off Sunset Boulevard is fai from his storied American West, Louis L'Amour continues to celebrate the ideals of a fantasy frontierland where law triumphs over disorder and cowpokes don't go in much for either gunplay or foreplay If they are anything like their creator, how would they have the time? The author of 81 frontier novels (some \$125 million copies in print) with a whip-cracking output of nearly three new books a year, L Amour may have to take at least one day off in the coming year so that he can head back east to Washington to be honored along with Bandleader Fred Waring, 82, and the late champ Joe Louis. Governmentissued gold medals of the three were approved by Congress last week There have been 90 honorees since George Washington received the first medal in 1776 Another son of the reartland, President Reagan, will probably present the medal Although no stranger to horse operas. Reagan appeared in none of the 35 movies made from L'Amour novels "I only wish he had done one of my works," says L'Amour "Maye can talk him into doing one some day

In her first Shakespearean role after 46 years of acting, Anne Baxter, 59 (The Razor's Edge, All About Eve), managed in one falling swoop to live up to two of the stage's hoariest

People

bywords 'Break a leg and The show must go on At the opening of Stratford Conn s American Shakespeare Theater production of Hamlet, Baxter, playing Queen Gertrude to Christopher Walken's Hamlet, was maneuvering herself and her 20-lb dress down a darkened backstage staircase when she tumbled, breaking her foot and spraining her ankle Baxter then made it through the second half of the play without a moment of hesitation "When the curtain came down, my foot looked like it had been dipped in blueberry pie," says the actress, who has yet to miss a performance "Now they call me Gertrude the Gimp



Baxter as Gertrude in Hamlet

Two natural wonders: Brinkley and Grand Canyon in Vacation

Nevermore let it be said says Christie I'm still in first that Chalete Brinkley is only a coard Souther any days the role.

that Christie Brinkley is only a looker In National Lampoon's Vacation, the reigning supermodel walks, talks and gives at least a passing impersonation of an ingenue Brinkley 27, makes her film debut in a little slip of a cinema, due out next spring, that follows the misadventures of an American family on a cross-country trip from Chicago to a giant theme park in California called Walley World Brinkley plays a blond in a red Ferrari who continually pops up along the route. The part is undoubtedly one that Meryl Streep would pass up. but "when it comes to acting

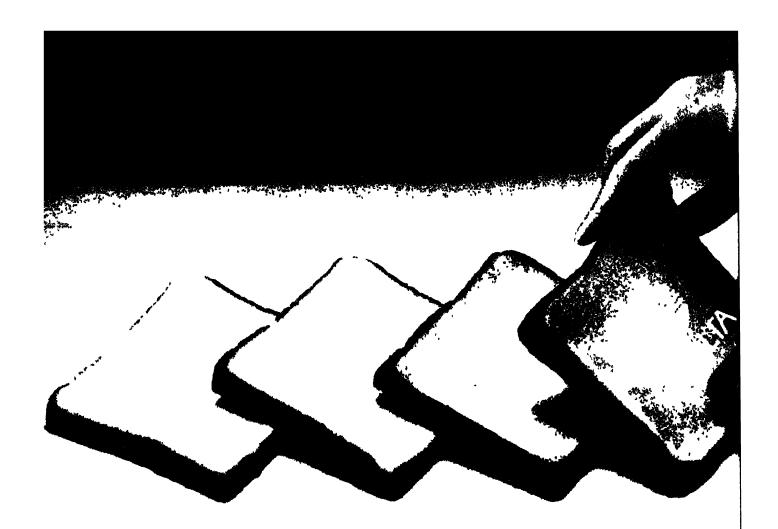
says Christie I'm still in first gear' So she considers the role a good start especially for a struggling up-and-coming actress with an outside income of around \$2 million a year

A throwback to the elegance of the Russia whence he came Erté has been for eight decades both a witness to and an influence on the style and tone of the 20th century The designer for the Folies-Beigere the Ziegfeld I ollies George White's Scandals and the illustrator of every Harper's Bazaar cover from 1915 to 1936. Erte continues today to work in his Paris home, creating his fine-lined. Beardsley-esque drawings only last June Der Rosenkavalier, featuring his sets and costumes was performed at England's Glyndebourne Opera Festival And at the time of his 90th birthday in November the artist will be honored with major retrospectives in five US cities I ven at his age Erte can write such future dates in his appointment book with confidence, a fact that he credits to daily lifting of the small weights he carries in a special briefcase wherever he goes 'My father taught me to use them when I was seven ' he says 'Weightlifting prolongs body movement and I ve always been interested in keeping my body svelte And his eye keen



Erté pumping his matched irons at home in Paris





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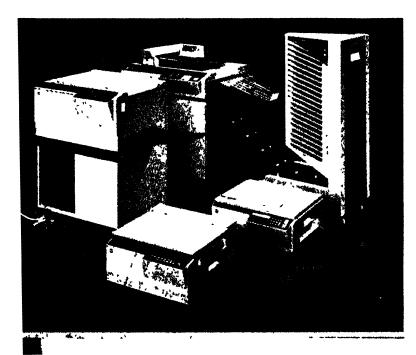
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Economy & Business

A Week on the Wild Side

The failure of the Gulf-Cities Service merger sends Wall Street into a spin

ftershocks from a collapsed merger Surprise bankruptcies Gyrating stock prices A startling new takeover bid late on Friday Even to the most seasoned Wall Street veterans, last week was wild

At the close of business on the previous Friday, Aug 6, Gulf Oil Corp had dropped a short-fused bomb on the stock market Citing antitrust objections by the Federal Trade Commission, Gulf abruptly pulled out of an agreement to acquire Tulsa-based Cities Service Co, the 19th largest US oil firm, for \$5 billion, or \$63

per share When trading opened last week the price of Cities Service shares had dropped to \$30 Scores of brokerage firms and speculators who had bought huge chunks of the stock for prices as high as \$56 were staring at the possibility of losing perhaps \$700 million Hardest hit were several smaller firms that specialize in speculating on merger deals, a daring practice known in the trade as risk arbitrage (see box)

At the end of the nerve-racking week, news flashed across Wall Street tickers that Occidental Petroleum of Los Angeles, the twelfth largest U S oil company, had bid to acquire Cities Service for an average price of \$4167 per share Cities Service

announced that it would consider the offer at a special meeting of its board of directors early this week but also said that it was still talking to other major companies about possible merger deals. Though far less generous than Guif's original bid, the Occidental offer could reverse more than a third of the losses that investors have sustained on Cities Service stock. Moreover, brokers hoped that this new development would spark higher bids for Cities Service from other companies.

Occidental's action, plus a drop in the Federal Reserve's discount rate from 11% to 10.5% and the prime rate by some leading banks from 15% to 14.5%, provided an upbeat ending to a gloomy week The financial community had earlier been rocked by the sudden bankruptcy of Lombard-Wall Inc., a New York City

firm that specialized in trading government securities. Though Lombard-Wall had only 55 employees it had run up staggering debts, including \$45 million owed to Chase Manhattan Bank. Chase was already reeling from an after-tax loss of \$117 million that resulted from its dealings with another government bond dealer, Drysdale Government Securites, which went bankrupt in May. The reasons for Lombard-Wall's problems were unclear, but one possible explanation was that the firm had guessed wrong on the direction of interest-rate move-

quire Cities Service for an Beleaguered traders on the floor of the New York Stock Exchange

How does a company make a \$5 billion deal and then change its mind?

ments and sustained heavy trading losses

On the same day that the news about Lombard-Wall broke, Colin, Hochstin Co, a New York City brokerage firm, announced that Justin Colin, one of its partners, had filed a personal bankruptcy petition. He had lost heavily on investments in two small West Coast airlines that went out of business last year. The troubles of Colin and Lombard were new evidence of the current fragility of financial markets.

The breakdown of the Gulf-Cities Service deal was potentially the most dangerous threat to Wall Street After Gulf first made its acquisition bid in June, a flock of investors hoping for a quick profit bought some 27 million Cities Service shares Two weeks ago, however, rumors began swirling that the giant oil company was having second thoughts about the ac-

quisition By the time Gulf renounced the deal after the market closed on Friday, Aug 6, the price of Cities Service stock had already fallen by one-third, to 37%

After Gulf's announcement, Cities Service shareholders faced a long, agonizing weekend Says William LeFevre, strategist for the Purcell, Graham & Coinvestment firm "People were afraid that the stock would lose a third of its value and open at \$25 or lower 'Cities Service Chairman Charles Waidelich fumed at Gulf "I am outraged This is the first time something like this has happened be-

tween two major US corporations "Waidelich called a meeting of his board of directors on Sunday afternoon, Aug 8 After 3½ hours of discussion, the directors voted to make an all-out effort to find a new partner

On Monday morning, Aug 9, traders at brokerage houses were warned over office intercoms and at emergency meetings to prepare for a hectic, perhaps catastrophic week Everybody was scared to death," says Barton Biggs, chief market strategist at Morgan Stanley The New York Stock Exchange prolonged the tension by postponing the start of trading in Cities Service The scene around Post No 4, where Cities Service shares are bought and sold, was pandemoni-

um Says one trader 'Every time word went out that the stock was about to open, 50 gesticulating sellers surged forward" But the stock did not open until 3 25 p m, only 35 minutes before closing time. In a convulsive frenzy during that brief period, 2 8 million shares of Cities Service were sold. The stock finished the day at 30%, down 6%

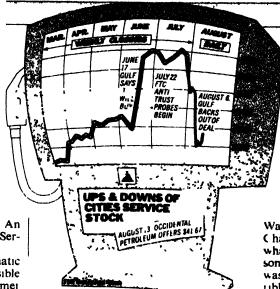
Heavy trading continued all week, but the price, after its Monday plunge, stabilized Hopes that a new merger partner would soon appear helped hold up the value of the stock Cities Service declared an open house at its Manhattan offices and invited potential suitors to come by to peruse confidential company data Waidelich was actively wooing all the largest oil companies, as well as several non-oil firms Rumors flew that Phillips Petro-

leum Co and the Union Pacific Corp were showing interest

Starting last Thursday night at the Carlyle Hotel in New York City, ties Service officials huddled in meetings with Occidental Chairman Armand Hammer and his top lieutenants By just after lunch on Friday they had reached the outline of an agreement At 2 59 pm trading in Cities Service was suspended with the price at 331/4 Expectations of an offer helped rally the entire market After being down all week the Dow Jones industrial average gained 11 13 points on Friday to finish at 788 05 An hour after the market closed, Cities Service announced the Occidental bid

The offer was a fittingly dramatic move for Hammer still an irrepressible empire builder at age 84 With Hammei at the helm, Occidental has grown in 25 years from a small nearly bankrupt firm to an energy colossus with annual revenues of more than \$14 billion Much of the company's oil however, comes from such politically unstable parts of the world as North Africa and South America The firm has been anxious to increase its domestic holdings, yet it found few opportunities for obtaining energy property in the US Hammer told TIME If you want elephants, you go where they are But it has been one of our goals for a long time to make Occidental more domestic oriented 'Cities Service has 106 million acres of undeveloped US land, which are believed to hold at least 300 million bbl of oil and 3 trillion cu ft of natural gas

Despite the possible resolution of the Cities Service crisis Wall Street is still bit-



ter toward Gulf Grumbles one trader How does a company with Gulf's standing in the corporate community dare to lock itself into a \$5 billion deal and then change its mind?" Ironically, Gulf was originally cast as the hero in the Cities Service drama In June Cities Service was trying to escape an unwanted takeover bid by Mesa Petroleum, a relatively small Amarillo Texas oil firm Unwilling to be controlled by a company less than onetwentieth its size Cities welcomed Gulf's merger bid of \$5 billion which Mesa could not match

Gulf needed Cities Service's valuable energy reserves to bolster its declining oil production Soon after Gulf made its bid, though, several Wall Street analysts said that the company had acted hastily and paid too high a price. Then the FTC raised

antitrust objections. The agency argued that if Gulf bought Cities Service, the combined company would have too large a share of the gasoline and kerosene jet fuel markets in some areas of the Southeast and would own too much (31%) of the Colonial Pipeline Co, which transports petroleum products from Texas to New Jersey

Waidelich knew the deal was in trouble but remained optimistic that Gulf and the FTC could reach a settlement Minutes before Gulf's stunning announcement on Aug 6,

Waidelich anxiously telephoned Gulf Chairman James Lee "Can't you tell me what is going on?" Waidelich asked After some hesitation, Lee admitted that Gulf was canceling the merger "Jim, that's terrible "Waidelich gasped "I know I feel terrible too," replied Lee

Cities Service felt terrible enough to file a \$3 billion lawsuit charging that Gulf was guilty of 'intentional and malicious breaches of contract that are of a dimension unprecedented in the annals of American business history" Waidelich contends that Gulf used its dispute with the FTC as an excuse to back out of a deal that it no longer considered financially attractive John Carley, the FTC's general counsel, seemed to support that charge "We were ready, willing and able to negotiate on any aspect of the proposed merg-But Gulf obviously was not Said Chairman Lee "I don't have the stomach to go through any such mess " Apparently Armand Hammer, even at 84, has a stronger stomach --- By Charles Alexander. Reported by Frederick Ungeheuer/New York and Benjamin W. Cate/Los Angeles

Highest-Stakes Poker

When the price of Cities Service Co stock tumbled last week, no one felt the pain more than the small band of risk arbitragers These quintessential Wall Street risk takers buy shares in a firm soon after a takeover bid is announced. in the hope that they can resell the stock to the acquiring company at a much higher price when the deal is finally concluded Risk arbitragers made estimated profits of about \$200 million last year on Conoco stock when it was sold to Du Pont Ivan F Boesky, 45, is said to have made at least \$40 million on the Conoco takeover

Not every announced merger is completed, however Some 21% of them failed in 1981 because of antitrust objections or various corporate complications When that happens the stock price usually plummets Last week Wall Streeters speculated that the Ivan F. Boesky Corp. could be holding losses of \$25 million to \$50 million on Cities Service. Boesky was publicly unperturbed Said he "Since our firm is one of the largest arbitrage firms on Wall Street, our denominations are always large. whether a deal works out or not.'

Such stomach-churning changes are commonplace to Boesky. Says one envious competstor. "For Ivan to lose \$30 million is like some. Top Arkitrages Ivan Bosslo.

one else losing a few hundred thousand dollars." Last year, for instance, he made about \$3 million when Allied Stores Corp acquired the Garfinckel, Brooks Brothers. Miller & Rhoads Inc department stores, only to drop an estimated \$12 million on Delhi International Oil Corp one month later

At his headquarters in Manhattan's financial district. Boesky draws on a staff of 60 lawyers, bankers, accountants and M B A s in making his investment decisions. Says fellow Arbitrager Carl lcahn "Ivan has made as much a science of this game as you can make of it."

The son of a Detroit milkman, Boesky earned degrees

in both law and accounting and worked for two brokerage firms before starting his own partnership in 1975 His first big success came two years later when he made an estimated \$7 million in the takeover battle for Babcock & Wilcox Co, the electrical power plant manufacturer Before last week's setback, he had parlayed a \$41 million investment into a firm with assets of \$300 million in less than two years A stylish dresser. Boesky stays in shape for his 18-hr workdays by playing equash or tennus four times a week Says he of risk arbitrage "If one is willing to work hard and can withstand the mental and physical pressures, there is probably no more exciting enterprise."



Economy & Business

Here Came the Judge

The court orders changes in A T & T's antitrust settlement

or seven months, executives of American Telephone & Telegraph Co (1981 revenues \$59 2 billion) have not dated pop open champagne bottles to celebrate the settlement of the Government's antitrust suit against the company Reason they have waited nervously for US District Court Judge Harold Greene to end the case by signing a consent decree for the landmark agreement that A T & T and the Justice Department reached in January Greene had won a reputation for pulling surprises in the eight-year-old case, and nothing could be set until he approved the deal Last week the judge did it again, ruling that unless both sides accepted some major modifications in the agreement within 15 days, the largest antitrust case in American history would have to resume

Since the January accord, the judge had pored over 8,000 pages of public comment and several thousand more pages of lawyers' briefs. He accepted the core of the historic agreement, under which A T & T would be free to venture into unregulated businesses like data processing and computers in return for spinning off its 22 local operating companies. But in his 178-page court order, he also insisted on a series of new safeguards for customers and competitors The key provisions

Yellow Pages. Local telephone companies will retain the lucrative publishing rights to the Yellow Pages directories, which brought in about \$3 billion in revenues in 1981 Under the January agreement, that part of the Bell empire would have gone to the national company

Telephone Equipment. Local companies will also be allowed to market. but not make, telephone and other related equipment Both were to have been done by the national company Electronic Publishing. A T & T will be barred from gathering and transmitting its own news, information and advertising over its telephone lines for at least seven years. That would keep the firm from dominating the emerging electronic publishing industry by controlling both the medium and the message

Debt Ratios. A T&T must make certain that the local companies get off to a good start as independents by keeping down their debt loads At least 55% of the capitalization for the new companies must be in the form of equity, only 45% can be debt. An exception will be made for the ailing Pacific Telephone & Telegraph Co, whose borrowings could range up to 50% of its total capital

pact on the service consumers receive If the local phone companies bill customers for AT&T's long-distance service, for example, they would have to inform them that the same service is available from other firms The operating companies would also be required to offer A T & T rivals equal-quality access to the local phone system That particularly appealed to a competitor like MCI Communications Corp Said a jubilant MCI Chairman William McGowan "To use our alternative long-distance service now, the



Telephone Company Chairman Charles Brown



Some of the other court-ordered Federal Judge Harold Greene in his Washington office changes could have a noticeable im- Sticking up for the little guy in this battle of the titans

customer must have a push-button phone and dial 22 digits Those requirements should disappear and make competition more real '

Telecommunications experts quickly called the proposals a major victory for local telephone customers as well as for the operating firms, which would be allowed to sell everything from fire-protection systems to computer terminals through telephone stores The income from those activities and from the Yellow Pages will help hold down local phone rates, which analysts had expected to increase by perhaps one-third under the original agreement Said Paul Gioia, chairman of the New York State public service commission "Greene is sticking up for the little guys in this battle of the titans

Some of the loudest applause came from Representative Timothy Wirth of Colorado, who last month conceded temporary defeat in a battle to pass legislation that included many of the changes Greene has now demanded Said Wirth "I am pleased that Judge Greene shares the view that while the settlement will significantly enhance competition in the telecommunications industry, it also needed major changes '

Even Wall Street joined in the general enthusiasm for the order Said Ernest Liu, a senior vice president at Goldman, Sachs & Co 'Greene stopped short of full approval, but his acceptance of the general framework is the green light we've been waiting for " AT&T shares finished trading at 52% last week up 21/4

Most analysts believe that the company and the Justice Department will agree to swallow Greene's changes One possible question mark is the attitude of William Baxter, chief antitrust prosecutor, who would strongly prefer to keep the reg-

ulated operating companies from competing in unregulated areas like equipment marketing

AT&T Chairman Charles Brown said last week that the firm was "pleased" that Greene was satisfied with the basic settlement and predicted that the modifications would be accepted Said he "After all we have been through, to have the thing run aground at this late date would be very frustrating" The loss of the Yellow Pages will clearly hurt the main company, however, as will the possible surrender of the local telephone stores where phone equipment is sold A T & T had been planning to use the shops as a marketing arm for American Bell, the subsidsary that was created in June to develop and sell computer services

A T & T and the Justice Department have until next week to respond to Judge Greene's changes If, as expected, both accept them, it will at last be time to break out the bubbly --- By John Greenwald Reported by Glacia Boite/Washington and Bruce van Voorst/New York

"The End of All Illusions"

AEG-Telefunken's sudden collapse jolts West Germany

EG-Telefunken was the very symbol of the postwar West German Wirtschaftswunder When the giant company began to rebuild in the late 1940s, it found that the destruction of battle and the loss of property in East Germany had wiped out more than 90% of its factories But a combination of hard work and a buoyant economy helped AEG-Telefunken to restore itself and become the second largest electronics manufacturer in West Germany after Siemens In 1981, it employed 120,000 workers worldwide and had sales of \$6 6 billion

Thus it was a jolt last week when AECi-Telefunken declared that it was insolvent

and could not pay its bills. The inpaid debts amounted to \$3.5 billion. In addition to being the largest corporate casualty in West Germany since 1945, the collapse of AEG-Telefunken symbolized the problems now facing the country that first gave birth to economic miracles. As the Frankfurter Allgemeine Zeitung candidly observed in a front-page obtuary for the company "This marks the end of all illusions."

The grim news coincided with further signs that West Germany remains enmeshed in a persistent slump Last

week the government statistics office reported that 5.676 companies had failed during the first six months of 1982, the highest number in 34 years, and 50% more than during the same period last year. Unemployment, which was almost unknown in West Germany during the 1960s and early 1970s, rose in July to 1.75 million, or 7.2% of the labor force. The country's gross national product is expected to rise only 1% in 1982, after declining 3% last year.

West German commentators last week were comparing the current economic troubles with the country's 1931 banking crisis, when the German stock market was forced to shut down Some officials saw the failure of AEG-Telefunken as proof that West German companies, which had once been among the leaders in high technology, were now falling behind American and Japanese firms Said Andreas von Bulow, Minister of Research and Technology "At the moment we are clearly behind our rivals, and if the applications in industry of microelectronics are not considerably speeded up, our technological standing will soon be lost."

The problems of AEG-Telefunken, though, say as much about the shortcomings of one company s management and planning as they do about the changing fortunes of one of the world's great industrialized powers. After prospering in the high-growth years of the 1950s and 1960s,

the giant company in recent years failed to keep pace with developments in new products and manufacturing and steadily fell behind other electronics manufacturers. especially in the US and Japan Although it was a pioneer in developing a commercially successful tape recorder in the 1930s, AEG-Telefunken eventually lost its lead in consumer products such as color television sets and electric typewriters. It also moved slowly into the manufacture of computer components The company was involved in early work on nuclear power plants, but these projects turned into huge money losers. Finally, the firm lagged in moving its manufacturing operations out

of expensive West German factories and into low-wage countries of the Far Last

In 1973, the company stopped paying stock dividends In 1979 it received \$764 million in unsecured \$260 million AEG-Telefunken contract to deliver to the Soviets 47 gas turbines that are being built under a U S license Dürr's ambitious program to restructure the company, called AEG '83, was stillborn when trade unions blocked the elimination of some 20,000 jobs A British electronics firm early in August backed out of a plan to buy 40% of AEG-Telefunken's operations, and United Technologies, based in Hartford, Conn, also rejected a last-minute overture for help

In the end the cash simply ran out Money became so tight, by one account, that the firm stopped paying suppliers directly Instead it sent checks by mail so that it could keep the funds in its bank account a little longer Finally, the company had no alternative but to seek legal protection so that it could remain in business while settling its debts. That is just one small step short of formal bankruptcy

Now that AEG-Telefunken is in receivership, a court-appointed appraiser will determine whether it can pay the legal minimum of 40% of its debts within 18 months and still remain in business. The Bonn government, which in the past has



Employees in West Berlin protesting the firm's collapse; inset, Chairman Heinz Dürr
The largest corporate failure since World War II is the symbol of the end of a miracle

loans and new capital mostly from a consortium of 24 banks. The bankers also hand-picked a new chairman. Heinz Durr, then 46 a soft-spoken manager of a family-owned manufacturer of painting equipment. Last year he sold operations worth \$177 million and negotiated with banks to write off millions of dollars in loans.

As late as last month the Bonn government agreed to give the company another injection of funds, in the form of export credit guarantees, bank loan write-offs and new bank credits amounting to \$470 million Events, though, were rapidly running against the troubled colossus In June, President Ronald Reagan suddenly broadened the US embargo on sales of American products for the planned Euro-Soviet gas pipeline, endangering a

helped arrange mergers between troubled companies in the steel and automobile industries has promised additional aid Even if part of the firm survives, however, at least 20,000 jobs will be lost and dozens of factories either sold or shut down

Many West German bankers and businessmen hope that the collapse of AFG-Telefunken will act as a spur for their country. They have long complained that high wages low investment and excessive government regulation have sapped their country s economic strength. West Germany will need to return to bold innovation and good management if it hopes to succeed in high-technology growth industries of the 1980s. Those were the very areas where AEG-Telefunken failed.—By Alexander L. Taylor III.

Reported by D.L. Coutu/Bonn

No-Skid Scuffle

Top-Sider vs Timberland

long with Lacoste alligators and chi-A no trousers, Sperry Top-Sider shoes have come to epitomize the popular preppie look Invented in the 1930s by a Connecticut yachtsman to help sailors keep their footing on slick decks, the whitesoled, dark brown deck shoes have become a favorite with landlubbers from Newport, R I, to Newport, Calif who wear them more for status than for safety

Sperry's dominance of the booming boat-shoe market is not unchallenged however The Timberland Co, a familyowned business that operates out of a former mill in Newmarket N H is aggressively going after the no-skid business

Timberland's assault started last year with an advertising campaign under the headline THE BOAT SHOE THAT'S ABOUT TO BLOW SPERRY TOP-SIDER OUT OF THE

Economy & Business

WATER The full-page ads claimed that the Sperry shoe had a painted on" pigment that dries and cracks, was often machine made used painted metal eyelets that chip and had a less durable

Top-Sider kicked back with a lawsuit filed in Mas- Ruler and rival sachusetts Superior Court,

charging that the comparison in the ads | was inaccurate. The suit was settled when Timberland agreed to change the text of the ads, but not the headline Timberland has since filed a suit of its own in the US district court in Concord, N H, after discovering that the three sets of patent numbers on the Top-Sider sole had expired in 1955 1957 and 1959 While Top-Sider has since removed the numbers from its soles. its attorneys contend that the use of the expired patent numbers was not illegal

This year Timberland made another advance on the advertising front with a



poll of "world-class sailors" that claimed to show overwhelming preference for its shoe Crowed the headline 151 WORLD-CLASS SAILORS PROVE SPERRY TOP-SIDER IS LOSING ITS GRIP Meanwhile, Timberland is happily handing out reprints of a Playboy ' Fashion Guide' interview in which Conservative Colum-

nist William F Buckley Jr a transatlantic sailor who always tries to put his right foot forward, calls Timberland's product "the world's most comfortable shoe 'To prove that Timberland's popularity cuts across political lines, the accompanying letter notes that "Senator Kennedy recently requested a pair of Timberland boat shoes

Sperry has been trying to stay above, the fray by ignoring Timberland's offensive Sperry's ads stress the "classic" and traditional" aspects of its shoe. After all it really is just not preppie to pay much attention to the competition

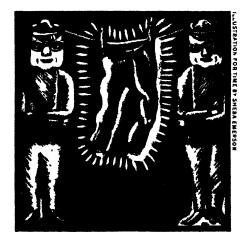
Dividends

Lemon Aid

The horror stories are legion. A spiffy new car has to be brought back to the repair shop time after time to have the same problem fixed In the past, consumers stuck with such lemons could do little but wage an expensive legal fight with the manufacturer In Connecticut, however all that will change on Oct 1 when the state's new "lemon law" takes effect

The statute, the first of its kind in the US, defines a lemon as any new car that, during the first year of ownership or within the warranty period whichever ends first, has been sent to the shop at least four times to have the same malfunction repaired or has been put out of service for 30 days The new law is expected to encourage out-of-court settlements or, failing that, to make it easier to get favorable rulings against defective products by shifting to the automaker the burden of proving that it was not at fault. Manufacturers can avoid liability only by proving that the defect is not substantial, or that the problem came from owner negligence or from modifications the buyer made on the auto

The Connecticut law is a marked contrast to May's congressional veto of a Federal Trade Commission rule that would have required used car dealers to list known major defects on cars they sell Says Ernest Abate, the speaker of the Connecticut house of representatives and a backer of the bill "I wanted the legislature to be more protective of consumer interests at a time when the Federal Government was moving away from regulation "



Singapore Chic and Shock

With millions of people around the world strutting their status in designer denim, label watchers are growing a bit jaded with the usual insignias. So to put a new gleam in their eyes, a Singapore firm has introduced blue leans with a solidgold label and a similarly lustrous price tag \$850 Yane jeans bear a Y-shaped trademark, which is made with 1 12 oz of 22-karat gold, on the pants just above the right hip pocket

Boutique browsers have snapped up more than 100 pairs since the jeans went on display in May At one shop a businessman bought two pairs each for himself and his wife Such conspicuous consumption, though, has caused a stir A Singapore newspaper called the blue-leans binge 'nothing less than barbaric," and the government broadcasting company banned further TV ads telling Yane that the jeans are 'exploitation of the rich

Yane is now planning a pair of diamond-solitaire leans that will cost as much as \$3 500 But wearers of the gilded britches might want to be discreet or they could find themselves confronted by a mugger who growls, 'Keep the wallet pal Just hand over the pants

Ya Gotta Have a Gimmick

Connecticut Salesman A Donald Fass, 50, was not just an ordinary door-todoor peddler He was named Salesman of the Year in 1979 by the Atlanta-based Rollins Protective Services As it turned out, Fass had a special gimmick to make a sale Like many other businessmen, he would first show off his wares during a home visit while chatting with prospects about such sensitive information as their vacation schedules and the location of their valuables Then, when the occupants were away. Fass would return and make off with the family jewels, the silver and anything else of worth A week or so later, he would pay another call on his prospects, many of whom had understandably become quite eager to buy an antithest device

Fass's scam was exposed when police in Glastonbury, Conn, caught him just as he was escaping from a burglarized house His previous criminal record, it turned out, included 26 felonies and 50 misdemeariors Fass has now begun a prison term of 13 to 26 years for burglary

Education

Showdown in Texas

Schoolbooks become a political battleground

Textbook content shall promote citizenship and the understanding of the freeenterprise system, emphasize patriotism and respect for recognized authority Textbook content shall not encourage lifestyles deviating from generally accepted standards of society

-Proclamation of the Texas state board of education, 1982

t is textbook-selection time in Texas an annual debate between special interest roups over what students should read in

public classrooms In Austin last week, concerned citizens and publishers nammed the weeklong state textbook committee hearings to criticize publishers' interpretations of sensitive subjects such as civics, health and homemaking, and to promote their own

The most powerful petitioner was Norma Gabler of Longview, Texas Gabler and her husband Mel, a retired clerk for Exxon, have spent some 20 years scrutinizing texthooks for political bias, moral lapses and erosion of traditional values The Gablers have regularly influenced the Texas board Norma Gabler of education to drop texts A question of vocal control or local control in public education that they consider too lib-

eral, and in doing so have won the public admiration of such New Right leaders as the Rev Jerry Falwell and Phyllis Schlafly But at this year's hearings, a new organization took on the Gablers People for the American Way, a group founded by Television Producer Norman Lear and others to fight for First Amendment causes

People for the American Way (PFAW) picked the forum for a showdown over texts because Texas, as the nation's second largest purchaser of schoolbooks (\$60 million this year), sets a tone for books throughout the US by influencing how publishers tailor their texts Says Barbara Parker, head of PFAW's National Schools and Libraries Project "Censorship activiry is so well organized that the only way to combat it is through an equal amount of organization If 93% of a community doesn't want The Catcher in the Rye, that's OK That's a community decision My disagreement is that in education today things are being run by vocal control, not local control "Snaps Norma Gabler "It's a double standard Those liberal elements

have controlled the minds of our children for years If parents bring things up, it's censorship If they do it, it's not

Gabler arrived at the hearings with two aides from her nonprofit Fducational Research Analysts organization and 600 pages of detailed objections to publishers' offerings In a fourth-grade text by McDougal, Littell & Co, the Gablers objected to a paragraph listing beneficial qualities of drugs like insulin for diabetes on the grounds that such information 'is instilling in student minds that the term

Michael Hudson

drugs refers to a beneficial product "In a junior high health text by Ginn & Co, the Gablers took exception to a chapter titled "When Things Go Wrong" Their demand a positive chapter called "When

Things Go Right '

PFAW could not defend texts blacklisted by the Gablers at the public hearings since state regulations allow only negative testimony and prohibit all positive comment But the board of education will accept written rebuttals by supporters of the criticized texts. In a junior high school health text, the Gablers objected to a class discussion assignment on the concept of "worry" "It has no place being studied in the classroom," wrote the Gablers The American Way rebuttal "This objection is a dogmatic statement with no basis in education theory" The Gablers disapproved of an entire chapter of an eighth-grade civics book published by Scott, Foresman & Co because of "an unnecessarily large amount of pictures of people protesting The Gablers argue that "this is not an attitude most parents would want their children taught in school" Counters PFAW

"The United States was founded on protests. We find it ironic that people who make a living protesting would object to protesting by others '

The Gablers have many supporters and admirers Says Paul Mathews, a memher of the state board of education "I feel the Gablers are doing a great service They're ferreting out slang, vulgarities and also things that are unpatriotic" Yet many classroom teachers object to the Gablers narrow viewpoints, and the Texas State Teachers Association helped PI AW by sending them the Gablers' criticisms in advance Says Austin English Teacher Ouida Whiteside "We all sat back for a long time and thought the whole thing was a joke Suddenly we realized we'd been had "However, Grace Grimes.

> a deputy commissioner of education who chaired the Etextbook hearings, insists that the Gablers are just one component of the selection process

The Texas board of education will not complete its selection of texts until November Meanwhile, PFAW, which has 2,500 members in Texas (82 000 nationwide), has petitioned the commissioner of education to allow positive as well as critical testimony in next year's hearings, and hopes to open up the proclamation process that sets standaids for Texas books Says Michael Hudson, a native Texan in charge of PFAW's office in Austin 'Next week I hit the roads

across Texas I'm going to try to increase the level of interest in the process My role will be that of a catalyst to open things -By Ellie McGrath. Reported by

Sam Allis/Austin

Late last week another tense conflict over what books students may read ended with a compromise in a group of Long Island, NY, suburbs The board of the Island Trees Union Free School District, based in Levittown voted 6 to 1 to return to school libraries the nine books it banned in 1975 The removal of the books which included Slaughterhouse-Five by Kurt Vonnegut Jr and Soul on Ice by Eldridge Cleaver, sparked national controversy and a legal challenge that went all the way to the US Supreme Court The court ruled in June that the ban might violate First Amendment rights, and ordered a trial to determine the reasons for removing the books The board decided to avoid a trial and restore the books It added, however that librarians would send notes to the parents of children who check them out

Design

A Pied Piper of Hobbit Land

Michael Graves' new office building is dangerous Pop surrealism

The new Publi Service Building in Portland Ore is nearly completed--on schedule and within budget Yet the storm of controversy the building has raised is likely to rage long after its official dedication on Oct 2 The issue is style With this one brazen gesture, the architect, Michael Graves, 48 attempts to supplant modern architecture's heroic industrialism with postmodern architecture s heroic Perhaps it might be called Pop surrealism that uses classic design elements the way Walt Disney cartoons used the physiognomy of a rodent to create Mickey Mouse For all its playfulness, however, the Portland Building is dangerous Modern architecture is ripe for a radical change, but Graves would replace Satan with Beelzebub

The trouble is that Graves' zeal to overcome glass-box monotony has led him into the increasingly popular mystic fantasy world that is populated by Tolkien's hobbits, Dungeons & Dragons, sundry comic-strip characters, and the likes of the rubbery movie star ET It is a

world that is almost beyond beauty or ugliness almost because the Portland Building is ugly Unfortunately Graves' irrational games have electrified architecture students everywhere, and they are now imitating him. He has become their Pied Piper.

Weird, heavy and polychrome the 15-story Portland Building might be Sarastro's Temple of Isis magically transposed from some second-rate set for Mozart's *The Magic Flute* into the shadows of banal skyscrapers along Portland's

Transit Mall It takes up the entire block

between the Italian Renaissance city half and the neoclassical Multnomah County Courthouse

The tile-covered base of the temple is a muddy blue-green that looks gloomier on the street than it did in Graves delicate pastel drawings. It contains arcades on three sides, which lead to a restaurant, bookstore and several shops. It also contains a rectangular entrance portal that will eventually double as the pedestal for Raymond Kaskey's Portlandia, a female figure symbolizing the city's virtues.

The concrete bulk of the building is painted pale yellow and dotted with even rows of square windows. It is decorated with seven-story-high terra cot-



ic-strip characters, and the likes of Portland's Public Service Building: one brazen gesture



A garnish of flattened and stylized garlands



Green tiles and blue tubing adorn the second-floor lobby

with seven-story-high terra cot- The Temple of Isis magically transported to an urban mall

ta pilasters set against mirror glass and capped by what looks like the metal spout of a sugar box. Above the pilasters, on the front façade is a five-story-high keystone that is topped off by what Graves calls a

baldachino a sort of lookout On two sides the building is garnished with masonry garlands. At first these garlands were to be metallic fluttering-in-the-wind affairs, but the city council vetoed them as frills fai too inviting for pigeons. Portland Mayor Francis Ivancie, an enthusiastic booster of Graves design, persuaded the council to dip into a building contingency fund for a \$250,000 flattened and stylized version of the garlands.

Graves' original idea of placing a village of small temple-like pavilions on the blue-painted top of his building has also been simplified Still in its overall effect the completed building manages to retain the quixotic quality of Graves early sketches

Graves is not the first architect to substitute stage-set design for architecture. He acknowledges the influence of Etienne-Louis Boullee and Claude-Nicolas Ledoux 18th century. French architects best known for their drawings of visionary mystic buildings. Their ponderous geometric forms, reminis-

cent of the funerary art of ancient Egypt, reflected a period given to the occult and secret societies like the Freemasons

Boullée's and Ledoux s architectural visions served little functional purpose. They were symbols feelings and ideas given form Graves shrine must accommodate a modern office and does so with little enthusiasm. The two-story entrance lobby has so much glossy blue paint that it looks like an empty swimming pool. In the second-floor meeting rooms and art gallery, there is conspicuous art deco decor, mainly thick pipelike chair mold-

ings sprayed with glossy epoxy paint. The office space is distinguished only by windows that look like portholes on an ocean liner except that they are square (the city council increased them from Graves original 3 ft by 3 ft to 4 ft by 4 ft.) Some frame splendid views of Mount St. Helens and the Willamette River.

Graves, who is a painter and sculptor as well as an architect, had never built a large building before A professor of architecture at Princeton, he has won awards for houses and additions to houses, but his national reputation rests mainly on his drawings of architectural fantasies done in muted pastels, dusty pinks, cobalt blues and gray-

greens. A Graves drawing sells for as much as \$10,000

He won the Portland job in April 1980 Explains Earl Bradfish, Portland's direcof the office of general services "We drew up exact specifications for the building and invited teams of architects and contractors to propose not only a design but also how it would be built and at what cost" It seemed like a commendably sensible procedure There were eleven applicants The jury of businessmen, officials and other interested local citizens took the proposals to New York City to consult Architects Philip Johnson and John Burgee on narrowing the choice to three

The other two finalists, along with their contractors, were Vancouver's Arthur Erickson Architects and the Philadelphia office of Mitchell/Giurgola both at least as prominent as and surely more experienced than Graves Erickson prowosed an upside-down ziggurat of reflective glass, and Mitchell Giurgola came up with a half-glass, half-masonry building with a lofty atrium Johnson leaned strongly toward Graves' design, calling it "a landmark from inception" that would be noted around the world Said Mayor Ivancie, with a measure of civic hyperbole "It will be our Eiffel Tower It will put us on the architectural map

'What finally decided the contest," says Bradfish, "was simply that the Graves building better met our specifications for space than the others It was cheaper to build and because of the small windows, more energy efficient

But in Portland the citizens and city council were not convinced 'An oversized, beribboned Christmas package,"



luschi, however, later relented and said he was getting used to it Other objectors persisted, calling the building "a turkey" and "a giant jukebox" Graves was asked to simplify his design He considered this a terrible setback and lobbied hard

and semisuccessfully to get his garlands back The Metropolitan Arts Commission held a competition for the Portlandia sculpture, to be paid for through the city's public art program

Graves has since won other important commissions, notably a 27-story corporate headquarters in downtown Louisville, Ky, for Humana Inc, and an addition to the Whitney Museum of American Art in New York City, designed by Baunaus Architect Marcel Breuer Yet it remains to be seen whether Graves' heavyhanded Pop surrealism—"a dash of deco and a whiff of Ledoux," as leading Postmodernist Architect Robert Venturi calls it-will influence workaday architecture New inspirations are needed, but they should be inspirations that are real, joyful --- By Wolf Von Eckurdt and charming

Medicine

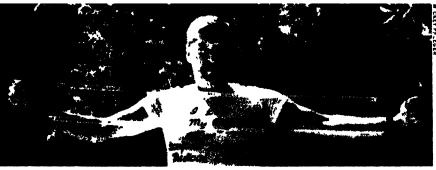
Comeback for Heart Transplants

A new drug dramatically increases the survival rate

eart Surgeon Denton Cooley had just topped off 27 holes of golf with a Sunday dinner at his vacation home in Galveston, Texas, when an urgent call came through from Houston a heart was available for transplant Cooley raced to the Texas Heart Institute and by 1 30 the next morning after a 2½-hour operation, a 43-year-old man from Ohio had a new heart and Cooley had completed only his third such procedure in four years

Since that day last month, Cooley has performed another heart transplant and has made plans for 33 more over the next two years. His renewed activity is part of a nationwide comeback for heart-transplant surgery after a distressing period in which almost all its early advocates had abandoned the operation. The reason a fatality rate of up to 80° within a year after the surgery Patients were often given er transplants from 30% to 70%. The first heart transplant using cyclosporine was performed in December 1980 by a Stanford University team, including Oyer and headed by Dr Norman Shumway, who had pioneered the first heart transplant in the US twelve years earlier The team has now done 36 transplants using cyclosporine, and although Oyer cautions, "It's too early to tell," the preliminary oneyear survival rate has risen from 65% in the 1970s to 79% One of the recent successes at Stanford is Machinist William Sweet, 44, of Rochester who had a heart transplant in April, along with cyclosporine treatment Says Sweet 'I feel great I m waiting to go home "

Cyclosporine is not a panacea for transplant problems It is expensive to make and produces some ominous side effects it is toxic to the kidneys, and there is



Heart Transplant Patient William Sweet in Palo Alto, Calif.: "I feel great. I'm waiting to go home"

huge doses of powerful immunosuppressive drugs to keep them from rejecting the "foreign" heart tissue, but the drugs made the patients vulnerable to other diseases Says Cardiologist Philip Oyer of Stanford University "The vast majority of hearttransplant patients who died did so from infection '

Now, thanks to an important new drug called cyclosporine, the heart transplant may become the more nearly routine operation doctors once envisioned Developed by the Swiss firm Sandoz Ltd, cyclosporine is a natural fungal compound that somehow blocks the production of those white cells that cause rejection but not those that fight infection Says Dr Barry Kahan, head of the organtransplant division of the University of Texas Medical School at Houston and a colleague of Cooley's "This is the secret ingredient, the thing that unlocks the door to transplants

In experimental use in the US since 1979, cyclosporine, says Sandoz, has dramatically increased survival rates for kidney transplants, from a range of 45% to 55% to a range of 80% to 90%, and for liv-

some evidence that it is associated with lymphatic tumors. But both conditions appear to be linked to higher dosages Sandoz is submitting cyclosporine to the Food and Drug Administration for approval this fall

The advent of cyclosporine however may aggravate some major problems already associated with heart transplants The National Institutes of Health has estimated that 15 000 Americans need a new heart each year But only 1 000 to 2 000 hearts are annually available for transplant A second issue is money a heart transplant can cost more than \$100,000 and is not covered by most medical-insurance plans Finally cyclosporine will help make problematical procedures like heart transplants more competitive for scarce medical and financial resources

Cooley is undeterred by the problems 'We have been waiting for something to come along and renew our interest in heart transplants,' he notes "I said twelve years ago that they were not gimmicks or stunts. Cyclosporine will lead to the rebirth of heart transplants in a really significant way "

Sport

Breeders, Place Your Bets

Bloodstock goes blue chip

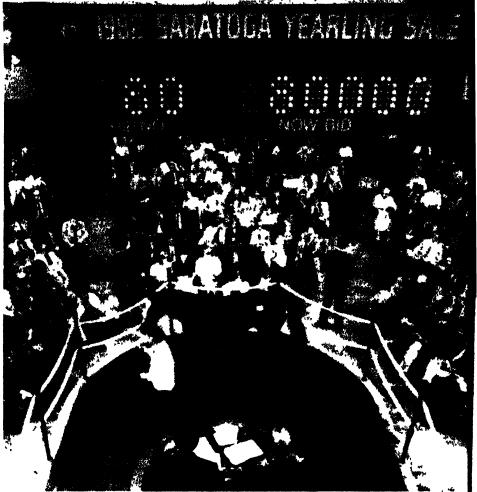
The 115th meeting of horse racings venerable summer camp at Saratoga Springs, N Y, opened earlier this month as regular fans returned to their favorite spa. Once again hotels and restaurants are jammed with people who seem to have leaped straight out of New Yorker cartoons, and the jewel thieves who shadow the wealthy have put in their usual appearance. It would seem that nothing could disturb these genteel August rites.

But whoa! There is one thing There has always been one thing money Even these curried folk can still be awed by the wagering of huge sums. And the bets have never been bigger. They are not made at the race track, however. Now the principal action is the enormous gambles of the Thoroughbred mating game.

The biggest news at Saratoga last week came when Industrialist Henryk de Kwiatkowski announced that his Belmont Stakes winner, Conquistador Cielo, had been syndicated to a group of breeders for \$364 million, making him the most expensive horse in history Meanwhile, all week long, a favored few took their reserved seats inside Humphrey S Finney Pavilion and fascinated onlookers gathered before outdoor monitors to view the auctions of untried yearlings for stratospheric sums. In one wild bidding session, a world-record filly price of \$2 l million was paid for a daughter of The Minstrel After four tense evenings, traders had ponied up \$36 1 million for 204 colts and fillies

Last month in Kentucky the annual Keeneland Summer Sales, the Academy Awards of equine auctions did even better There, 279 yearlings averaged \$344,183 apiece, up 32% over last year One lively colt, son of the extraordinary Nyinsky II, went for an alltime auction record of \$425 million Said Kentucky Horse Breeder William O'Neil Last year's prices were mind boggling, but this year's are about unbelievable

But they are not quite inexplicable Horse breeding, once the sport of kings and nobles, is now the delight of international moguls and financial princes. Wellheeled foreigners, particularly the Arabs, like lavish-spending Sheik Mohammed bin Rashid al Maktun (who bought the record-breaking filly at Saratoga), have brought piles of new money into the enterprise. In addition, Thoroughbreds are tax sheltered and relatively portable collectibles whose value has appreciated not only more than inflation but well beyond most other investments. The Dow Jones index rose a bare 7% in the past 20 years.



Bidding begins on a yearling: a game for international moguls and financial princes

Prices at sales like Keeneland's have skyrocketed by 2,600%. From an investment point of view says New York City Consultant Robert Fierro, 'oil and gas are dead Equipment leasing is dead Real estate especially in California, is dead Thoroughbreds are right where oil was a few years ago 'Explains Wayne E Ries a Baltimore syndicate manager You've got a very interesting situation with hoises. Your asset is appreciating all the time But for tax purposes you can depreciate it

All these angles, and a good many more have long been apparent to an Englishman named Robert Sangster 46 the buyer of the \$4.25 million yearling at Keeneland, who last week purchased two fillies and partial interests in two colts at Saratoga for a total of \$667,000 More than any other person Sangster has been the critical player in the current horse fever Heir to a Liverpool-based soccer betting operation. Sangster has used his winning touch at breeding to go from riches to phenomenal riches. In provident exile on



British Breeding Wizard Sangster watching the tote board at the Saratoga auctions Sperm counts, swearing cycles, "salt of the peat" and a stud in Tasmania





Record \$4.25 million colt with Manager Bob Lanigan in Tipperary

Sangster and Wife Susan stroll near their mansion, the Nu

the bucolic Isle of Man, a tax haven in the Irish Sea, he now runs a multimillion-dollar equine empire, Swettenham Stud from a 100-room mansion called the Nunnery Though a reticent man in publie, he is hardly that at home. His two trophies from the French Aic de Triomphe wins are the centerpieces on twin diningroom tables. The walls of the bright airy living room are covered with photos of Sangster, his vivacious second wife Susan (former wife of onetime Australian Foreign Minister Andrew Peacock) and of course, horses. Out across the 90 acres of manicuted lawn and woods however the teal thing is missing. He keeps none there 'Don't like riding, mumbles the great hreeder 'Don't know why

Yes Even so Sangster has a unique way

with horses one that combines sporting instinct with clerkish fussiness on a corporate scale. He describes it as hombly businesslike At the core of his operation is a first-rate staff Irish Trainer Vincent O Brien 65, for instance, is one of those souls who commune with Thoroughbreds somewhere beyond speech O Brien's canny ways brought the team its first big season in 1977 the \$200,000 stallion The

Minstrel won four major European races and was syndicated at \$9 million Pat Hogan is Sangster's "salt of the peat' conformation expert, which means he specializes in assessing the look of a horse The instinctual Hogan once told Sangster to spend \$200,000 on an undistinguishedseeming foal he had spotted in a field Sangster did, and the filly won three of her first six races Says Sangster "The big differsare between me and amateur Greeders is that I listen They are retired businessmen used to telling everyone what to do On my team we listen It works '

It does indeed, helped considerably by scrupulous attention to detail Before settling on the still unnamed \$4.25 million

Buying Agent Tom Cooper scrutinized the yearling carefully during his spring tour of US farms O Brien then spent eight hours alone with the youngster watching his mannerisms, his sweating cycle, whether he was bothered by crowds Three vets, including a heart specialist, performed a physical with full X rays Leg Man' Bob Griffin examined a race hoise's most important assets And because the colt's most important assets will change after his racing days Sangster's wily genealogist John Magnier also had to approve Says Magnier 'It all follows the semen If you don't have the semen, you don't have the industry

ralue But the big payoff is now in the breeding barn In the 50s a horse who won \$1 million in purses was worth \$1 million as a stallion Today a million-dollat winner is worth \$20 million at stud One outstanding example is Northern Dancer whose offspring Sangster often buys Almost gelded because of his questionable conformation and tank temperament the 1964 Kentucky Derby winner is

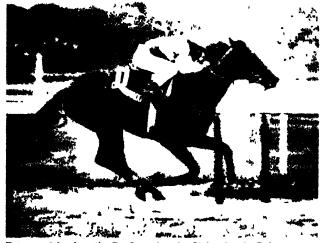
now the world's greatest living superstud-85 of his progeny (one in five) are stakes winners His going rate is \$300,000, but his 14 get at Keeneland were sold for an average of \$888,571 each The 21-yearold still covers 40 mares each season Even with a Northern Dancer in his

bloodline, every yearling is a longshot But Sangster can use his superstars to cover the losers Moreover his worldwide sources enable him to place what he delicately calls "the lesser horses' where they bring the best possible fees. One far-out deal a stud standing in Tasmania

Investors with less imposing assets can still take a shot at this high stakes venture New York Agent Peggy Vandervoort has been putting together modest (\$25 000 to \$125,000 per share) horse-investment deals for years Says she "It's smart to pool your resources with a lot of other people You can get in on eight or nine horses for the price of one' small-timer remembers that Triple Crown Winner Seattle Slew was bought by comparative newcomers for \$17,500 and syndicated for \$12 million The Thoroughbred market of today however resembles the publishing industry the hilostratien blockbusters are fine, while the

middling books are in trouble The Wall Street Journal recently checked out 26 horse-invest ing partnerships formed in 1977-79 Twelve made a profit nine lost and five broke even after taxes Says Analyst Fierro The bottom of the market collapsed in November, the middle is experiencing some softening If you don't like horses, don't come in. For those who love the smell of the liminent and the roar of the parimutuel, however, there is no investment that can match the thrill Consider the dreary alternative no one ever got to kiss a Krugerrand in the winner's circle -By J.D. Reed. Reported by Jef McAllister/Isle of Man and Janice C. Simpson/Saratoga

Springs



Future patriarch on the fly: Conquistador Cielo wins the Beli colt at Keeneland, for instance. Off to the breeding barn next year with a \$36 4 million advance

Law

Deadline Death

An eleventh-hour court O K





Coppola with head shaved on prison bus

ne by one the Justices were reached by court operators setting up an extraordinary conference call of the U.S. Supreme Court Only Sandra Day O Connor, who was traveling in Africa, was not available for the hurriedly arranged session The Justices had been asked, at the very last hour to decide whether to allow the execution later that night of Frank J Coppola, 38, a convicted murderer who wished to die After discussing the case, Chief Justice Warren Burger and four others voted to overturn a stay that had been issued by an appeals judge earlier in the day About 45 minutes later, that news reached Coppola at Virginia State Penitentiary in Richmond At 11 18 pm, the prisoner walked 30 paces and, with outward calm, sat down in an oak electric chair built by inmates 74 years ago. At 11 27, after two 55-second jolts of electricity, Coppola died

Despite the dramatic swiftness of the denouement, the early stages of the case were drawn out with all the familiar rounds of inventive appeals Coppola, a former seminary student and policeman, had been convicted of brutally killing a woman during a 1978 robbery By last spring, 34 judges had heard his various legal arguments, and still he sat on death row at Mecklenburg Correctional Center Though maintaining his innocence, he dropped his appeals and asked that the execution proceed "Further incarceration,' he said, "can only lead to my being stripped of all personal dignity" His one request. a summer date, to minimize the taunts to his two school-age sons

The prisoner persuaded his family not to intervene, but Attorney J Gray Law-

rence, whom Coppola had fired, filed an appeal anyway It was rejected by a federal district court judge But with 81/2 hours to go Judge John Butzner of the US court of appeals in Richmond called a halt, saying that the years on death row might have robbed Coppola of the capacity to decide the question and noting that a constitutional review of Virginia's death penalty was pending in another case Governor Charles Robb ordered an immediate appeal Two state attorneys flew to Washington, DC and rushed to the Supreme Court where they found the main door locked They finally got in a side door and submitted their request for a reversal at 7 25 p m At 10 25 the court ruled, apparently without reading the arguments of anti-death-penalty lawyers who had arrived with their papers at 10 22

Coppola's execution was the first in the US since March 1981 and only the fifth since the 1976 Supreme Court decision declaring capital punishment constitutional More than 1,000 prisoners now wait on death row Two weeks ago. New Jersey became the 37th state to adopt a death penalty Due to the appeals process few inmates are expected to be executed soon. But by late 1984, experts predict, there may be a surge in executions. By then, perhaps the Supreme Court will have worked out a more seemly system for deciding the many last-minute appeals it is sure to face.

Point of Hue

Racism hits an unlikely victim

ack Greenberg, 57, may be the most experienced civil rights lawyer now practicing in the US. He was part of the legal team that won Brown vs Board of Education, the 1954 case in which the US Supreme Court outlawed segregation in public schools, and that is only one of many groundbreaking lawsuits he has pressed during a 33-year career with the NAACP Legal Defense and Educational Fund For the past 21 of those years he has been the LDF s respected directorcounsel But now the New York attorney is under fire in two bitter disputes. And partly underlying both is the issue of race For Jack Greenberg is white

One battle is centered at Harvard Law School which has been going through a period of racial stress. Only recently a compromise was reached on a disputed affirmative-action plan for the Harvard Law Review and the school has been much criticized for its low percentage of minority faculty members (currently two blacks on a full-time faculty of 60). When Harvard Law lost the black who had taught its only course focusing on racial-minority matters, it asked black Lawyer Julius LeVonne Chambers to take over in 1982-83 Chambers asked

Greenberg to help At the same time, the course was rescheduled from its usual slot to an intensive three-week January miniterm. The switch and the choice of a white teacher were "insulting," said Muhammad Kenyatta, head of the 125-member Black Law Students Association Kenyatta has created a major stir on campus by calling for a boycott of the course by students.

Dean James Vorenberg an old friend of Greenberg's, argues that in the miniterm s ten-hours-a-week format, the course has the same class time and the same two credits as the original. As for the resistance to Greenberg, the dean says, 'It works against, not for shared goals of racial and social justice. Argues Roger Fisher, a faculty member normally sympathetic to minority activists.' It is a mistaken notion to think one must personally be the victim of a particular problem to be able to teach about that problem. One need not be charged with being insane to teach about the insanity defense.

Greenberg's skin color is not overtly an issue in the other conflict. But it is a factor In 1957 the NAACP and the LDF, after a long affiliation parted amicably But now the NAACP is suing to have its initials removed from the LDF's name. The main reasons public confusion and competition for contributions. But some insiders concede that the disharmony, which has been building for several years partly reflects the feelings of younger black lawyers trained during the activist 60s and early 70s, who resent white leadership in the civil rights movement For his part, Greenberg declines to be drawn into angry responses to the gibes at his color and its impact on his effectiveness 'Such assertions, to my mind, have no validity,' he says with controlled mildness Of course, he has had 33 years of practice at making precisely that point



Veteran Civil Rights Lawyer Greenberg

Beneath two disputes, a question of color



Artist Agnes Denes in her wheatfield, New York skyline in the background

Environment

Amber Waves of Grime

So, if a tree grows in Brooklyn, why not wheat in Manhattan?

ew Yorkers with an urge to keep the concrete at bay usually settle for sooty geraniums on a windowsill. Not Agnes Denes, 43, a New York conceptual artist. Her creation only six blocks from the bustle of the World Trade Center, is a two-acre wheatfield. Shifting and shimmering as the sun and harbor breezes play across it the minifarm lends an improbable air of Manhattan. Kans, to lower Manhattan.

Last May, Denes with the help of about 60 paid and volunteer assistants, and financed by a \$10,000 grant from the Public Art Fund, a private foundation that aids civic art projects, began hauling rocks off the site, which is a landfill intended for a development of offices and apartments called Battery Park City They laid down 700 cu yds of topsoil in a 2-in layer and hand dug 285 furrows Then they sowed 6 bu of hard, red spring wheat donated by the North Dakota Wheat Commission While office workers watched skeptically from nearby towers or paid lunchtime visits in three-piece suits, Denes and her friends weeded and watered

The idea behind the project, Denes says was to devise 'an intrusion of the country into the metropolis, the world's richest real estate. To grow a wheatfield on it, seemingly such a waste of precious space, is to create a powerful paradox the congestion of the cuy of competence, sophistication and crime against the open fields and unspoiled farm lands.

This is not Denes' first tilt with environmental art. In 1979 at Artpark a cultural complex in Lewiston NY she sowed a rice field wrapped chains around a grove of trees, and near by buried a time capsule containing 40 existential questions Samples 'Which do you think will prove ultimately more important to mankind—science or love'. Do you believe mankind will become extinct one day.' In similar performances at a private site in 1968 and at Artpark in 1977, she buried samples of her harku and other writings.

The Manhattan wheatheld has created its own environment Says Denes 'We have praying mantises, spiders that change color to resemble the wheat—Day-Glo yellow and brown—fireflies and a sweet country smell. They also have a harvest of problems. The wheat contracted a blight called wheat smut plus mildew from the early summer rains. John Ameroso, a Cornell University agronomist who is Denes horticultural adviser says the crop is "distressed" and must be harvested early.

Then what? "I d like to have time to think about that," Denes says. One idea she favors is to turn her wheat into bread and distribute it to the poor. She has also received some 30 other suggestions among them proposals to send the wheat to a needy country like Cambodia or auction it off at the New York Stock Exchange, just down the street.

Milestones

engaged. Arthur B. Laffer, 42, University of Southern California economist and author of the controversial supply-side tax curve named after him and Traci Lynn Hickman, 23 a USC senior majoring in political science in Rancho Santa Fe Calif The couple met when she had a job in the office of the business-school dean

DIED. Salvador Sánchez, 23 World Boxing Council featherweight champion and one of the sports best fighters of injuries after his Poische 928 collided with two trucks just north of Queretaro, Mexico A school dropout at 16 Sanchez once explained I found out that I liked hitting people, and I didnt like school so I started boxing. A peppery tactician he wore opponents down for late-tound knockouts. His record 43-1-1. I d like to step down undefeated he said last month. I m only 23 and I have all the time in the world.

DIED. Thruston Morton, 74 two-term US Senator (1957-69) and Republican National Chairman during the 1960 campaign of undisclosed causes in Louisville Ky A seventh-generation Kentuckian, the Yale-educated millionaire was a leader of the GOP's liberal wing and an advocate of bold US leadership in world affairs

procurement for the Navy who was a relentless, irreverent Government cost cutter of cancer in Arlington Va. Often battling with military congressional and corporate brass he saved uncounted tax-payer dollars from 1963 to 1976, most notably when he carved \$100 million from Pratt & Whitney's bill for 1-111 jet engines.

DIED. Henry Fonda, 77 quintessential American stage and screen actor of heart disease, in Los Angeles (see CINIMA)

DIED. Samuel M. Kootz, 83 foresighted art dealer and paladin of abstract expressionism in America in New York City Kootz helped to define the emerging school by showing such artists as Robert Motherwell Hans Hofmann Carl Holty, Fritz Glarner and Adolph Gottlieb As a critic and author Kootz griped about American artists who poured their ideas into the same corny molds. By contrast he wrote of the abstract expressionists works Dramatically personal each painting contains part of the artist's self, this revelation of himself in paint being a conscious revolt from our Puritan 1 heritage

DIED. Carl Braestrup, 85, physicist who sounded early alarms about radiation's dangers and co-invented the Theratron, a cobalt-therapy machine patented in 1953 and still used to treat cancer of complications from a stroke, in Middletown, Conn

Show Business

Edie: The Extraterrestrial

A hit book and a movie revive a '60s underground star

"What would you wear on the moon'
That was the big question of the Sixties
—Designer Betsey Johnson in Edie

were there other questions worth asking in that turbid decade -- about wars revolutions anything more dramatic than a lunar hemline? There were but few seem interested in them now. The frenetic world of 60s sex and drugs makes for a kickier nightmare than Viet Nam or Watts or Kent State. It offers an escape into Hollywood inclodrama, but with the fisson of real names and familiar faces How else to explain the post-mortem celebrity of Ldie Sedgwick? Once a footnote in any pop history of the decade, she is now the summers hot number Edie (Knopf, \$16.95), a 450-page biography of her, is secure on the bestseller lists, and Ciao! Manhattan, a grotesquely autobiographical film she made eleven years ago is being re-released in New York

Who was Ldie Sedgwick? She was a strikingly pretty young woman with a genius for self-destruction. Her pedigree and her rap sheet conspire to prove that truth can be as compelling as the most lurid novel daughter of a distinguished disturbed. New England tamily, evanescent superstar of Andy Warhol's underground movies, blitzed-out diuggie, a careless suicide at 28. The glamour, the abuse the aristocracy of decadence—my dear.

it's just too delicious

Delicious and, like amphetamine candy, addictive. One gobbles up the testimony in Edie culled by Jean Stein and George Plimpton from interviews with some 250 people who crossed paths or swords with the poor little rich girl. An awful fascination obtains to the book's elegant gossip See Norman Podhoretz editor of Commentary and hitman of the double-domed Right dance wickedly on the grave of one of Edie's ancestors Recall the night that Rock Star Jim Morrison paid sexual obeisance to Jimi Hendrix on the stage of Steve Paul's nightclub, the Scene Watch Warhol shrug as a woman invades his Factory, takes out a pistol and shoots a hole through the foreheads of seven stacked Marilyn Monroe portraits-just a few years before Andy himself would be shot by another female intruder Gobble gobble Yum yum

The star of this Mylar melodrama had her own seductive pathology, much of which came from her bloodlines A bizarre

brood, the Sedgwicks Their money was so 'old it just seemed to grow wild, like weeds on a lawn, or like the manic-depressive strain that led to suicide for several members of the clan Uncle Minturn, who kept watch over the Sedgwick gravesite in Stockbridge, Mass, insisted on cheap pine coffins for the family and would lie inside them to test their fit Edie's father Francis. a golden boy at Harvard in the 1920s who turned to sculpting and then brought his wife and children to California, was perhaps the most curious of the lot. To save the expense of hiring a model for his sculpture of a Crucifixion scene, he strapped himself to a large cross and observed himself before a full-length mirror As children, Edie (born in 1943) and her younger sister Suky had needles of vitamin B injected daily in their bottoms. She recalled, or imagined, attempted rapes by her father and brothers From the moment of conception into this modern House of Atreus, Edie was tracing a steep ,rajectory toward her own hell

In Manhattan, Warhol and his menagerie of protopunks were waiting to oblige destiny Edie was the woman of their dreams good family, silver-tinsel hair, Twiggy shape and a quick wit that could be impin Warhol's 8-mm movies, she boogled through the New York fashion and gossip columns. Vogue dubbed her a "youthquaker," and LIFE photographed her as a baby-faced mannequin dressed up in Momma's cast-off clothes It was a high life for the renegade deb, and she lived it high on speed, cocaine, heroin and a mountain of pills She lost track, lost control, absent-mindedly setting fire to two of her bedrooms and half a dozen mattresses, then spiraling into psychosis A drug bust, a few asylums, shock therapy, a fatal overdose of barbiturates And in the midst of all this over the last five years of her life. she starred in John Palmer and David Weisman's Ciao' Manhattan Edie Sedg wick, This Is Your Death

ish or lacerating She was a chic slummer

From the first shot of Edie—bloated and staggering her open jacket revealing scarred siliconed breasts as she thumbs a ride on a California highway—it is clear that Ciao' Manhattan serves as a rancid little document of the sensibility that the Ldie book furtively celebrates No matter that Edie is called Susan in the film. This is Sunset Boulevard for real, an Acid Age Snake Pit The film covers two historic periods. Edie Past (New York 1965-67)

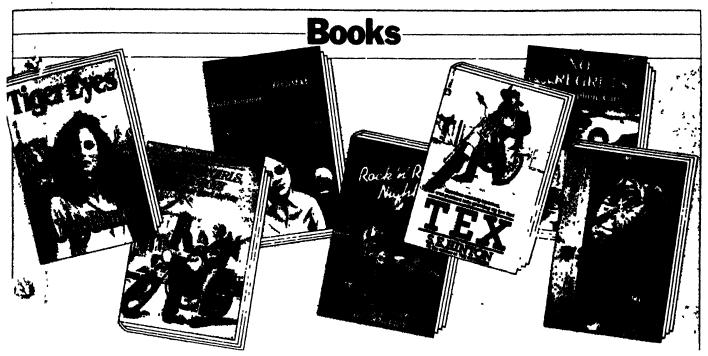
and Edie Present (Los Angeles 1970-71) In the earlier black-and-white footage she is Queen of the Underground flitting with her Andy, imperiously ignoring the camera In the Califory nia color sections she is living in a huge pastel tent at the bottom of a swimming pool, surrounded by dazzling photos of the Edie that was She parades topless, falling over as she attempts to dance She spins tales of her brutal father, her horny brothers, her shooting-star fame, her drug addiction, her endless days and nights

in mental hospitals So enveloping is her stupor, she can neither perform nor be herself. She can only put on pathetic display the corpse she is about to become

The ghoulish entrepreneurial flair that characterizes much of the entertainment business may earn big money for Ciao! Manhattan, as it has done for Edie But can the Edie phenomenon stop here? On the 20th anniversary of her death, Marilyn Monroe earned tabloid headlines In life, Edie Sedgwick was no Marilyn but in death she rates, at the very least, a lugubrious Hollywood bio-pic Nastassia Kinski for the title role? Kristy McNichol? Brooke Shields? My dear, it's just too delicious. By Richard Certiss



.52.



Teen Lit.: Suburban Facts of Life

Sex, drugs and divorce on the shopping-mall rack

have clothes to wear my own room, a TV and a pushbutton phone, 'says Marcy Lewis, 13, heroine of The Cat Ate My Gymsuit by Paula Danziger "Sometimes I feel guilty being so miserable, but middle-class kids have problems too Indeed they do and from Back Bay Boston to Bel Air, Calif, Marcy's dilemmas and the perils of her fictional peers are avidly hared by a growing legion of juvenile readers Once limited to such fare as Nancy Drew and the Hardy Boys, teen fiction has blossomed into a lucrative new genre suburban social realism

With slangy precision, "Young Adult" novels (Y A to the trade) vividly portray addictions, sexual awakenings and even the nightmares of rape and incest, all within skateboard distance of the community swimming pool Says prizewinning Author Robert Cormier (The Chocolate War, I Am the Cheese) "Kids aren't just sitting there watching TV and playing video games" In fact, teen-agers appear to be buying their own books for a change Retail giants like B Dalton have expanded Young Adult racks in their shopping-mall stores Books such as Rock 'n' Roll Nights. The Divorce Express and Are You in the House Alone?, wrapped up in catchy cover art, are moving faster than Pac-Man manuals

One major publisher reports a 400% pp in its teen paperback titles since 1980 Throughout the industry, sales have tripled, bringing a touch of cheer to the financially alling book trade Y A are even available in lightly spiced series, such as the Wildfire (Scholastic) and Sweet Dreams (Bantam), that feature adolescent romances like Saturday Night Date and I've Got a Crush on You Many heroines in these confections never get to the first kiss



Judy Blume: acned angst and straight talk

For boys there are thrillers like Your Code Name Is Jonah in Bantam's Choose Your Own Adventure series These are not traditional adventure narratives. Like Dungeons and Dragons, they allow teen and preteen readers to select their own plots. In The Abominable Snowman, for instance, the reader is a Mount Everest climber searching for the yeti with a friend named Carlos. The friend, however, is missing "If you decide to search for Carlos, turn to page 5," instructs the book, "If you decide that Carlos is 0 k, and go

ahead, turn to page 6 'Within the 14 titles, there are more than 500 different endings

Says George Nicholson, Dell's editor in chief of books for young readers "It's pure commercialism, but we also have considerable respect for this audience We want to have an uplifting, affirmative quality to books written for children" Adolescents cannot seem to get enough To keep up with the demand, Dell is offering a \$1 000 prize (plus \$4,000 in advances) for the most outstanding first Y A novel

ne Dell author who no longer qualifies for the award is Judy Blume, 44, godmother of upscale adolescent realism Nineteen million of Blume's 14 teen tales are currently in paperback. She tackles social and sexual mores with sprightly straight talk. In one of her books, a group of twelve-year-old girls stare at the centerfold in a copy of *Playboy*, marveling at the model's breasts. Lxclaims one flatchested admirer "Look at the size of her' They're huge"

In Blume's Deenie, the 13-year-old narrator faces disease and ignorance in Elizabeth, NJ Suffering from scoliosis, Deenie must wear an ugly, uncomfortable back brace The experience helps her overcome the primitive adolescent fear of being different But Deenie represents upto-date psychology as well Could her curvature of the spine have been caused by occasional masturbation? Set straight by a briskly efficient gym teacher named Mrs Rappoport, Deenie muses "I never knew there was a name for what I do I just thought it was my own special good feelings Now I wonder if all my friends do it too?

Blume explores the spirit as well as the senses. In Are You There God? It's Me, Margaret? the twelve-year-old protagonist must choose her own religion Margaret's father is Jewish, her mother Episcopalian. The girl also fears that she

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Books



S.E. Hinton

Greaser heroes and a horse named Toyota

will be the last of her clique to menstruate Prays Margaret 'I m going to be the only one who doesn't get it I know it, God Just like I'm the only one without a religion Please let me be like everyone else

The petite, attractive Blume, daughter of a New Jersey dentist, wrote her first children's book 13 years ago, when her two children were young. They are now in college and the divorced author divides her time between a New York City apartment and a suburban home in Santa Fe, N Mex These days she keeps her highly praised ear for dialogue in tune through the 2,000 letters that she receives each month from youthful admirers Asked one twelve-year-old 'Do you write your books from your mind, or do you use a kit?" Blume hardly needs a blueprint Says she "I don't have a teen-age audience in mind when I write I try to get inside the mind and skin of a kid, and let the book find its own audience. One nineyear-old requested. 'Please send me the facts of life in number order " Blume replied, "Ask your parents" She hates to see her explicit novel of first love, Forever, on the shelves next to books for younger children The bittersweet romance however. is currently the volume most requested by teens in the New York Public Library

Sexual anget is not the only way to the heart of the market Orphaned Ponyboy Curtis, 14, and his greaser pals, for instance, are too busy fighting to date girls In SE Hinton's bestselling The Outsiders, Ponyboy and his hoods battle Socs (Socials), who cruise their mean streets in Mustangs and madras shirts looking for loners The results manslaughter, murder, despair But out of the rubble of class structure, sensitivity rises triumphant Says Ponyboy "What kind of a world is it where all I have to be proud of is a reputation for being a hood, and greasy hair? I don't want to be a hood, but even if I don't steal things and mug people and get boozed up, I'm marked lousy Why should

I be proud of it? Why should I even pretend to be proud of it?

Susan Eloise Hinton, 34, wrote the novel when she was a 16-year-old Tulsa schoolgirl "I was reading horse books then," says Hinton, who adopted the initials so boys would also read her works To date, her four gritty novels have sold 7 million copies, and all are in some stage of development for films Francis Ford Coppola has finished shooting The Outsiders. and is currently making Rumble Fish That Was Then, This Is Now has been optioned Tex, starring Teen Idol Matt Dillon, has been released by Walt Disney Productions The married Hinton, who owns a horse named Toyota, has no plans to write adult fiction Says she "I'd rather claim authorship of My Friend Flicka than Princess Daisy

Secrets of the Shopping Mall awardwinning Author Richard Peck's ninth YA, saturizes teen class structure and cliquishness Teresa and Bainey a pair of inner-city runaways, discover a society of boys and girls living secretly in a department store This Lord & Taylor of the Flies is surrounded by specialty shops like Audio Jungle, the Tennis Connection and a place advertising CANDLES IN SHAPES YOU NEVER THOUGHT OF There, the urban dropouts learn the value of independent thought, honest employment and allnatural fabrics They also can identify suburbanites 'It looked like an oversized praying mantis and it flowed like a surfer As it swept nearer Teresa saw it was somebody in cutoffs and knee warmers, a girl because she had an elastic top She was riding a skateboard and wearing headphones clamped over both something inears She looked like telligent but brutal from science fiction Peck, 48, an American who attended Oxford, echoes his colleagues in teen realism when he says, "We rarely celebrate the captains of athletic teams, the most popular girl in school or the gang leader We write for and about people who are gathering strength solvers of problems

evertheless, the form is fragile, and pressing it too hard can have bizarre results Scott Bunn's forthcoming Just Hold On for example, is serious but unfortunately reads like a literary version of The Rocky Horror Picture Show Heroine Charlotte Maag, 16, is raped by her father, an Albany pediatrician She befriends fellow Loner Stephen Herndon, who is hiding the shame and rejection of his own physician-father's alcoholism By midstory Charlotte is on the sauce, Stephen is involved in a homosexual affair with a football star named Rolf, and both tumble into bed with another couple after a bourbon and pot party At novel's end, Stophen is near catatonia, and Charlotte is institutionalized One can hardly wait for Just Hold On II --- By LD. Reed. Reported by Mauroen Dowd/New York

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SMITHSONIAN, Washington, DC



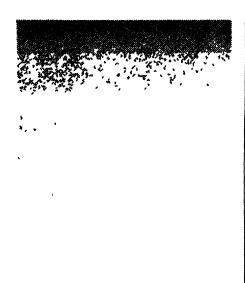
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the ART gallery Magazine, New York



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Books



Paul Dickson

Adoxography

WORDS by Paul Dickson Delacorte, 366 pages, \$13 95

You may know that a moirologist is a professional mourner, that an anthracomancer tells fortunes by means of burning coals, and that a mumpsimus is someone wato refuses to correct an error (this last being derived from a 16th century priest who kept using that word when reciting the Mass even though he had been repeatedly told that he was supposed to say sumpsimus) But how many people are aware that pizzlesprung is a Kentucky word to describe the weary, or that nutation is the wobble in the earth's axis caused by the pull of the moon? Who remembers that there was a time when the head of the house didn't simply carve the roast but allayed a pheasant, reared a goose, minced a plover, dismembered a hen or disfigured a peacock?

Paul Dickson knows all those things because he collects words with what he calls "a real that borders on the compulsive" Does this mean yet another Safiresque sermon on proper usage and the maintenance of grammatical traditions? No, Dickson has no ideological purpose He is the amiable spieler who wrote such frivolities as The Great American Ice Cream Book and The Mature Person's Guide to Kites, Yo-Yos, Frisbees

As for words, he nuzzles them all with puppyish enthusiasm

The novelty lies in the organization Dickson provides perfectly sensible categories like Outdoors Words, in which we learn that a schizocarp is a seed pod that breaks into two or more pieces, or Alimentary Words, in which we learn that funistrada is an imaginary food invented by the US armed services to use as a control in polls asking soldiers which foods they like (funistrada came out higher than eggplant or cranberry juice)

Dickson's categories become increasingly funistradian. The section Punk, for example, lists 43 definitions of that word, and then goes on to define punkah, punkateero and punkatunk. Sexy Words includes cataglottism, ecdemolagnia, parnel, renifleur and stasivalence (don't ask). Under Curses, Dickson offers such arcana as feague, which a 1785 dictionary defined as 'to put ginger up a horse's fundament, to make him lively and carry his tail well."

Dickson seems to have found a word for just about anything Under Fizzlers, terms whose time has not yet come, he lists Americaid, one of 22 names proposed by the Nixon Administration in 1972 as a replacement for welfare And chirtonsor, a euphemism for barber, which won the votes of 3,000 barbers in 1924 There is even a word, logodaedaly, for "the capricious coining of words"

Dickson's words have not only definitions but shapes and structures and quirky personalities. Facetiously, he reminds us, is one of the few words in which all the vowels appear in the proper sequence, duoliteral is one of the even fewer in which they all appear backward. Kinnikinnik, he reports, is not only an Indian smoking mixture of bark and leaves but the longest palindiome among the 450,000 entries in Webster's Third New International Dictionary. Cuspidor is the word that James Joyce declared to be the most beautiful in the entire language.

And then there is the inexplicable rumor that there are only three words in the English language that end in gry—

Stop!

—and two of them are angry and hungry, so people keep writing to the lexicographers at G&C Merriam to ask about the third, but all they can find is anhungry, an obsolete word for hungry, which stays in the dictionary because Shakespeare used it—

Stop! Enough!

—unless you count puggry, which is a variant spelling of pugaree, which is a scarf wound around a sun helmet

Adoxography, in case you were wondering, is a word defined as "writing cleverly on a trivial subject"—By Otto Friedrich

Editors' Choice

FICTION: The Anatolian, Elia Kazan
Aunt Julia and the Scriptwriter,
Mario Vargas Llosa ● Family
Trade, James Carroll ● Famous Last
Words, Timothy Findley ● The Girl
of the Sea of Cortez, Peter Benchley
The Woods, David Plante

NONFICTION: The Correspondence of Bons Pasternak and Olga Freidenberg, eduted by Elliott Mossman • Going to the Dance, Arlene Croce • The Killing of Bonnie Garland, Willard Gaylin Love, Eleanor, Joseph P Lash Midnights, Alec Wilkinson • The Red Smith Reader, edited by Dave Anderson





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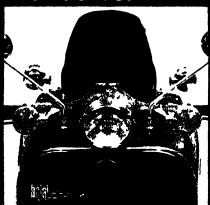


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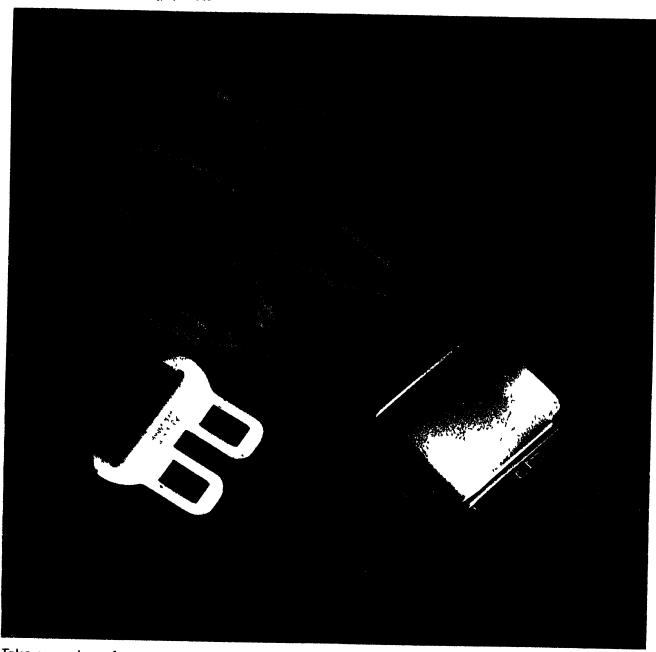


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VIF Gourmet Journal (Hamburg) April 1982



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Letters

War in Lebanon

To the Editors

I am Lebanese [Aug 9] I am proud of my small and beautiful country After seven years of war, I still can't understand why the only peace-loving Western-oriented and democratic country in the Middle East became the battleground of three armies (Israeli, Palestinian and Syrian) Why should we pay such an exorbitant price for Israel's aggression?

May Abu Shakra Riyadh



From the macabre theater of Arafat at the U N with pistol at hip to the Munich Olympics the PLO has violated every extitution of peace Sheer numbers of killer, and millions of oil dollars do not legitimize the history of this organization. Who would tolerate munderers encamped on one s property, killing one's children and amassing weapons while they hide themselves behind a wall of innocent Lebanese." The entire world should insist on the emasculation of the PLO

William T Cuddy Venice Calif

The world has the right to expect a more responsible Israel. The Israeli government should realize that tyranny's horrors know no one uniform. When in nocent people are killed under the banner of self-protection, the world has learned that the Israelis value their own lives more than those of blaineless civilians.

Brad F Riordan Portland, Ore

Who can forget the savage fire storm of bombs rained on Germany's cities? Those were American and British bombs And the destruction of Soviet towns and population? Those were German troops And what happened in Hiroshima and Nagasaki? Let's be fair to Israel It's a nation that deserves and has bled for its right to exist behind peaceful borders

Norman L Levine Duluth, Minn

Middle East Mission

I am deeply dismayed by the coverage of the congressional fact-finding trip to the Middle East [Aug 9] TIMF failed to report the range of our activities and the numerous leaders we met Ours was the first American delegation to see the destruction in West Beirut. We were also the first group to tour Lebanon under American and Lebanese auspices only Among the findings of our mission 1) the senseless bloodshed and destruction are overwhelming 2) humanitarian aid is desperately needed and is not reaching those who have been victimized by the war, and 3) there is a unique phenomenon in Israel promoted by civilians and politicians seeking peace the Peace Now movement

I also take issue with your suggestion that I am anti-Israel by calling me and Representative Nick Rahall persistent critics of Israel "When I voted against the AWACS sale to Saudi Arabia did that mean I was anti-Arab?

> Mary Rose Oakar Representative 20th District Ohio Washington D.C.

Your article inaccurately indicates that all members on the congressional mission to the Middle F ast were in agreement in their perceptions of the situation there and that they acted in concert when dealing with leaders of the warring factions. That was clearly not the case I rom the beginning I saw the meeting with Yasser Arafat as a piopaganda ploy by the PLO, and I chose not to attend it I immediately denounced the document that Congressman Pete McCloskey obtained from Arafat as nothing new and possibly a harmful deception

Elhott II Levitus Representative Fourth District Georgia Washington DC

Your piece on Congressman Pete McCloskey and those accompanying him to Lebanon was less than fair. Pete is not a naive bumbler unfamiliar with war and international affairs, nor is he deficient in his understanding of the written word Arafat wrote that he accepts all the U N resolutions relevant to the Palestinian question, and that is what McCloskey stated. The fact that Arafat later claimed that this plain language said something different is a reflection on Arafat s lack of integrity not on McCloskey's judgment.

Harold S Sawyer Representative, Fifth District, Michigan Washington D C

Agnelli's Flat

When Giovanni Agnelli chairman of Fiat, discusses competition from Japan in your interview [Aug 9] he mentions the possible decline of Japanese imports, while conveniently forgetting the trade restrictions imposed by Italy on Japanese automobiles. What is worse, he attempts

to attribute the decline to the greater rusting and quicker aging that, without any substantiation, he alleges occurs in Japanese automobiles

It would be premature to boast of Fiat's innovations until Italy rescinds the absurdly restrictive import quotas imposed on Japanese cars. They appear to represent a manifestation of the Italian automobile industry's inability to vie with the productivity and technological progress achieved by Japan.

Shunji Kobayashi Conches Switzerland

Coping with Herpes

I was shocked to read that some doctors advise their herpes patients [Aug 2] not to warn prospective sexual partners about their condition Shame on them. This advice will contribute to the spread of an incurable disease, and it will inflict upon herpes sufferers additional guilt and psychological trauma if they transmit herpes to innocent victims through deceit and lies. Such advice is reckless and unprofessional.

Pat Kelly Lexington Mass

Your article on herpes was a real service to the many sufferers in this country. We think that better understanding of this disease will lead to fewer feelings of guilt and unnecessary recriminations.

Robert S Scott M D Los Angeles

Balancing Act

Lance Morrow's Essay [Aug 9] is a timely thoughtful and incisive piece that portrays the amendment for a balanced federal budget as what it really is a hoax. The drive for a constitutionally mandated balanced budget is a perfect example of an election-year gimmick designed to divert attention from our economic woes.

Duniel H Pink Columbus

Everyone knows the balanced-budget amendment is not a panacea but it could give Congress the backbone it needs to say no The Constitution is the framework for our Government What is more basic to its structure than the budget process?

John L Song Indianapolis

Adopting the balanced-budget amendment would be like putting a chastity belt on a nymphomaniac

James B Leftwich Houston

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Siemens on the Scene



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A Letter from the Publisher

he torpid days of August normally find Wall Street sleepily idling, while many traders head off to summer hideaways

And it might have made sense for TIMI New York Financial Correspondent Frederick Ungeheuer to do the same But fortunately, when the stock market unexpectedly exploded last week, Ungeheuer was on hand to enjoy and chronicle the fireworks

He had begun the week with a 16-hour day. talking across time zones to vacationing sources for a previously scheduled business story. He was finishing up his report Tuesday morning when he noticed on his cable-news tape that "the stock market was clearly up to something unusual -- and big" Putting aside his assigned story, he immediately started calling his Wall Street sources including Expert Albert Wojnilower, whose predictions about falling interest rates had helped touch off the market's buying frenzy. That story was still evolving when Ungeheuer had to deal with news that Citicorp was bidding for the Fidelity Savings Ungehouer in New York & Loan Association I had seen the move coming

two years ago when Citicorp Chairman Walter Wriston indicated to me that Citibank would be reaching out for a savings and loan at the earliest opportunity, 'said Ungeheuer He went to work on the Citicorp story as well In the meantime, TIME's editors decided a separate story was needed on interest rates to

augment the Wall Street coverage. Ungeheuer was asked to contribute to that Then on I hursday, 'I had to start reporting on rumors about Mexico's threatened default and its impact ' Ungeheuer brought years of deadline experience in foreign and financial reporting to his rugged workout last week. And he

could draw on sources developed when he was TIME's European economic correspondent and when he worked for Chase Manhattan Bank editing two international business newsletters. A West German born foreign exchange student who came to the US in 1950 to go to Milwaukee's Pulaski High School, Ungeheuer went on to become a Phi Beta Kappa graduate in government from Haivaid After working for Reuters as a foreign correspondent he joined TIMI's Paris bureau in 1963 His most frenzied week working abroad came when he visited four countries in Africa in 48 hours ("literally by plane, Land Rover and dugout canoe) to report a late-breaking 1967 story on tribalism after Biafia's secession from Nigeria. His most draining assignment seven months in Czechoslovakia covering the crushing of the 1968 Prague Spring by the Soviets We often wrote with tears in our eyes there, he remembers

*Compared with the way we had to cover stories in those days, this week on Wall Street was relatively civilized

ohn a meyers

Cover: Photograph by Albert Watson



Index



Cover: American women are reshaping their bodies and the ideal of feminine heauty Strong is sexy rippling muscles show grace as well as power Strong is also healthy so this look may be more than a fad See SEXLS



Essay: Concern for personal safety often resembles an obsession, but there are litt its to protective measures No security agency on earth can possess a plan to ward off what is beyond predicting the irrational act of violence

1 Letters

28 Law

51 Environment



33 People

erupts in Mexico Living: In its heyday the Orient Express carried diplomats duchesses con menand spies to the edge of Asia Now rescued from oblivion and re-

stored to its 20s luxuiv the train travels regularly between London and Venue 41 Music

World: As the guns

full silent the PLO

was scheduled to pull

out of West Beirut af

ter ten weeks of bitter

nghting with the Is-

raclis > Fear stalks

▶ The worst economic crisis since 1910

Khomeini 5 Iran

56 Milestones

Reaganomics. Rebuffing supply-siders the President teams up with Democrats to win a \$98.3 billion tax hike Buoyed by falling interest rates and Reagan's victory Wall Street has its best week ever See

UNITED STATES

Industrial espionage and counterespionage are on the rise as foreign countries and some domestic companies launch new efforts to save years of research by stealing valuable U.S. business scerels

Economy & Business:

42 Press

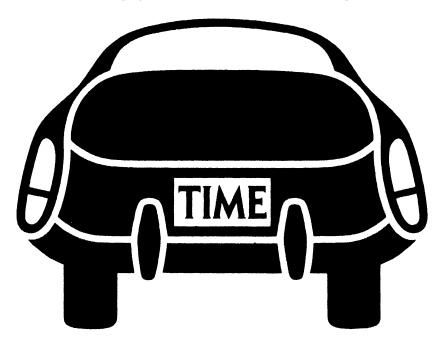
43 Space

50 Computers 54 Cinema

58 Books

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MIDDLE LAST

TIME AUGUST 30 1982

The Guns Fall Silent

After ten weeks of bitter siege, the P.L.O. evacuation from West Beirut begins

e have reached the end of our sorrows 'Lebanese Prime Minister Chafik al Wazzan declared with heartfelt fervor last week then quickly added, at least on paper "And so it seemed In mid-after noon last Saturday a force of about 450 tighting men of the

Palestine Liberation Organization left Beirut by sea bound for Cyprus, thereby setting in motion the evacuation of some 7,000 PLO guerrilas from the Lebanese capital. The event was both dramatic and historic, since it marked the end not only of the ten-week Israeli siege of West Beirut but of the PLO's twelve-year domination of Lebanon.

All Beirut seemed to erupt in gunfire as the first elements of the PLO contingent left the Fakhani district, site of the organization's headquarters, aboard Lebanese army trucks for nearly three hours, hundreds of Palestinian soldiers throughout the city fired rifles machine guns, rockets and antialicraft guns into the air in a grand salute to their departing comrades Watching the spectacle were 350 French peace-keeping troops who had arrived shortly after dawn that morning to assist in the evacuation

As the convoy moved through the crowded streets the Palestinians were greeted by cheers and placards reading THE REVOLUTION CONTINUES and BITRUT IS PROUD OF YOU Caught up in the emotion an old Arab woman cried. They are all my sons Allah is great!

Watching the withdrawal from Beitut's waterfront Israel's tough Defense Minister Ariel Sharon architect of the Israeli invasion of Lebanon, declared that the PLO had suffered 'a crushing defeat and had lost "its kingdom of terrorism, and so it had But in the streets of West Beirut the PLO guerrillas were full of bravado as their moment of departure approached Said a colonel. We are withdrawing but we shall return, just as we shall return to Palestine In a remarkably short time, the Palestinians together with their packs and their AK-47 assault rifles were loaded aboard a Cypriot ferryboat the Sol Georgious Shortly after 2 pm a full two hours ahead of schedule they were on their way to Larnaca Cyprus, as the bombastic farewell salute continued in the city they were leaving behind

The PLO withdrawal which will continue for about two weeks represented a personal triumph for US Special Linvoy Philip Habib (see box). Operating mainly from the presidential palace at Baabda southeast of Beirut Habib negotiated over a 65-day period with seemingly endless patience. He dealt with the Israeli



OF YOU Caught up in the emotion Luggage in hand, a Palestinian guerrilla leaves the capital an old Arab woman cried. They Anistoric moment for the troubled Middle Last

government and with I ebanese officials notably Prime Minister Wazzan and formei Prime Ministei Sae's Salam who transmitted Habib's messages to and from P1 () Chairman Yasser Aiafat As early as July 3 Arafat was reported to have signed a statement declaring that the PLO was prepared to leave West Beirut which by then was surrounded by Israeli troops. But countless details still had to be worked out even as the Israelis shelled West Beirut again and again in the hope of speeding up the withdrawal The Israeli bombardment killed hundreds perhaps thousands, of Lebanese and Palestinian civilians. But the ferocity of those prolonged attacks was partially obscured last week as West Beirut started to come to life again, and as the PLO withdrawal began

In Washington, President Reagan hailed the settlement and the "magnificent" efforts of Negotiator Habib in bringing it about Said the President

Phil never lost hope and in the end his spirit and determination carried the day." Reagan confirmed that the US had agreed to send 800 Marines to Lebanon

this week to join a peace-keeping force, which will also include 800 I rench soldiers and 400 Italians. But the President emphasized that the US servicemen would temain in Lebanon for no more than 30 days, and would be pulled out before that if tighting should break out again or if the terms of the cease-fire should be broken

A few hours later US Secretary of State George Shultz held his first press conference since he joined the Reagan Cabinet five weeks ago Shultz spoke of the importance of renewed efforts toward solving the problems of the legitimate rights of the Palestinian people ' and implied that he favored a recommitment to the Camp David peace process. In the meantime Shultz continued, all parties concerned must negotiate the withdrawal from Lebanon of some 60,000 Syrian soldiers and 85 000 Israeli troops as well as the estimated 20,000 PLO guerrillas remaining in Lebanon outside Beirut This process will surely take some time But as Shultz noted he had recently been assured by Israeli Foreign Minister Yitzhak Shamir that Israel did not covet one inch of Leb-

anese territory and planned to withdraw to its own borders under the 'right conditions To which Shultz said he had sternly replied I take you at your word'

For more than a week many PLO fighters had had their bags packed as they awaited word that an agreement had been reached. A large number of the evacuees were expected to leave by ship for Cyprus, and to proceed from there to one of several Arab countries including Sudan, Algeria Tunisia North Yemen and South Yemen Othei groups were expected to be transported to Syria, Jordan and Iraq Egypt agreed to take in some of the wounded George Habash head of the hard-line Popular Front for the Liberation of Palestine, was thought to be going to Marxist South Yemen

Yasser Arafat along with about 1,000



Behind a barricade near the museum crossing, Israeli soldiers study Palestinian positions before the exodus

of his Al I atah commandos was expected to proceed to Tunisia as soon as the evacuation was completed. He apparently had considered other Arab cities including Cairo as a new base of operations but in the end is believed to have decided on Tunis probably because it is the headquarters of the Arab League and because Tunisian President Habib Bourguiba had extended a warm welcome to him

Step by step last week the way was paved for the Palestinians departure. On Wednesday afternoon the Lebanese Cabinet approved the agreement. On Thursday the Israeli Cabinet did the same. By that time the basic timetable of withdrawal was set. Lebanese Foreign Minister Luad Butios announced that a Lebanese force of about 3.000 soldiers would take the primary responsibility for maintaining law and order during the evacuation. That was fine with the U.S. France and Italy which did not want their troops to become involved in any skirmishes that might break out during the P.L.O. withdrawal.

As the day for the evacuation grew near the removal of the PLO guerrillas and their families posed staggering logistic and political problems. Many were uneasy about where they were going others were fearful about the safety of families who were being left behind. There were persistent rumors in Beirut that the PLO was making efforts to icave gun-

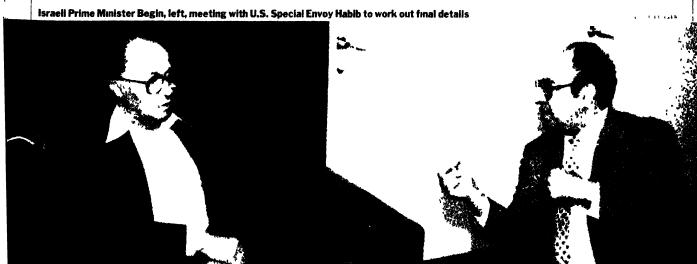
men in Lebanon. One purpose to assassinate any government officials who violate the guarantees to Palestinian civilians that they may continue to live in Lebanon in peace. After twelve years of exercising so much power in Lebanon, the PLO was fearful that some of the thousands of Palestinians who were being left behind might be terrorized or intimidated by an avenging government.

n the Israeli side as the negotiations reached a conclusion the government insisted on the return of two captured Israeli servicemen and the bodies of nine others who had been killed in the recent fighting or during the 1978 invasion of Lebanon But Israel also made several important concessions. In the beginning, the Israelis had demanded that the 1500 or more Syrian soldiers in Beirut be evacuated along with the PLO preferably straight to Damascus. In the end however, the Israchs agreed that the Syrians could leave during the second week of the withdrawal to join other Syrian forces in the Bekaa Valley of eastern Lebanon The Israelis had also asked that they be supplied with the name rank and identity number of every single PI O fighter to be evacuated Later bowing to the Palestinians penchant for anonymity the Israelis agreed to settle for a simple head count of

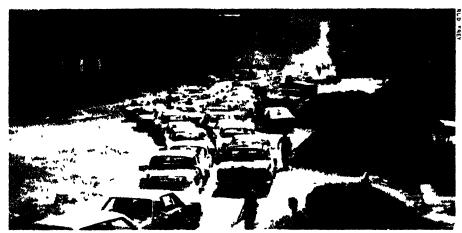
the guerrillas as they were evacuated

The final agreement announced on Thursday called for a cease-fire, a peaceful departure of PLO guerrillas from West Beirut supervision by a multinational force and participation by the International Red Cross. In addition to the Palestinians evacuated via Cypius, another contingent would go overland to Syria along the Beirut-Damascus highway Israeli forces would temporarily withdraw from the roadway to ensure the safe (and, in a sense honorable) passage of the guerrillas. A Palestinian brigade attached to the Syrian army would also leave by land for Damascus. In separate negotiations. I ebanon agreed to allow the PLO to retain a small diplomatic mission in Beirut

The timetable for the evacuation was remarkably detailed. During the first four days of this week guerrillas bound for Jordan and Iraq were due to leave West Beriut followed by those headed for Tunisia. South Yemen and North Yemen. The evacuation of those going to Syria was supposed to begin on Wednesday and continue for several days. Later in the week most of the peace-keeping forces including the 800 U.S. Marines were due to reach Beriut and take up preassigned positions covering the port and airport areas. Larly next week. Syrian troops in Beriut are set to leave the city. By



World



Cars fleeing from West to East Beirut jam a crossing between the two sectors of the city

Sept 4 the evacuation of the PLO should be completed On that day all weapons and equipment left behind by the PLO will be collected by the Lebanese army Finally in the six days beginning Sept 21, the multinational force will leave Lebanon, its mission at an end

The evacuation was planned in such a way that most PLO fighters would not be obliged to cross Israeli lines But US officials recognized that the whole withdrawal would be difficult and at times dangerous As one diplomat put it 'Every minute of the next two weeks will hold the threat

of disaster 'Speculated another 'You can just see some Palestinian 15-year-old getting in one last lick at the Israelis and blowing the whole deal sky-high

Nor were those the only worries The Israelis, or at least the branch of the Israeli government represented by Defense Minister Sharon, were obviously reluctant to allow the PLO an easy passage to freedom and would be watching carefully for any serious violations of the agreement by the PLO Some of the Arab countries, such as Jordan could yet change their minds about accepting Palestinians Though he felt bound by his commitment to take in a PLO contingent, Jordan's King Hussein can hardly forget the fighting of 1970-71, when the PLO tried to topple him. The King feels stronger today and better equipped to control the organization but the memories linger. He may also fear that a restless PLO presence within Jordan could some day give the Israelis an excuse to invade his Hashemite kingdom

In addition, the US is uneasy about the Lebanese presidential election which

'A Sterling Achievement"

The man who pulled together the agreement on the PLO's evacuation of Lebanon, a triumph of delicate diplomacy, worked so secretly and with such an abhorrence of publicity that many of his top colleagues in the Middle East literally did not know how he was faring

For more than eleven weeks, Philip Charles Habib shuttled back and forth across the Middle East, following an itinerary that would have been arduous for a young man, let alone a 62-year-old official who has suffered four heart attacks and undergone bypass surgery Habib carried all his medical records with him, as well as his medications He likes to rest for a while in the afternoon, but there was little time for that during the talks

Habib's traveling was vastly complicated by the fact that he insisted on not flying directly to Israel over Lebanese territory under Israeli occupation, feeling that to do so would appear to condone Jerusalem's military action Instead, he would normally drive in a bulletproof car from Beirut to Jounieh, a seaside town north of the capital, and board a US helicopter for Larnaca in Cyprus Then he would catch a flight to Tel Aviv

As the negotiations edged toward a settlement, US intelligence agents picked up reports that an extremist splinter group of the PLO, run by George Habash, intended to assassinate the envoy The faction opposed a PLO withdrawal from Beirut Habib spent one night in the shelter of the residence of U.S Ambassador Robert S Dillon in Yarze, southeast of Beirut Habib also had to break off talks with the Lebanese from time to time when P.L.O rockets exploded near the presidential palace, where the main discussions occurred

As he struggled toward a settlement, Habib had to cope with the suspicions of both the PLO and the Israelis At first the Palestinians were convinced that Ha- Habib making a point in Jerusalem

bib was pro-Israel and, what was more, that he was acting, said one senior PLO official, as a "high commissioner" who had come to dictate terms. The Israelis initially felt that he was keeping them in the dark about the true state of the negotiations

Habib overcame both problems with his diligence, his meticulous preparation and his deep personal knowledge of the key participants Habib, who is the son of a Lebanese grocer and who grew up in a Jewish neighborhood in Brooklyn, also had a feel for the fears and desires of both sides

Finally, Habib has a distinctive personal touch that helped move the talks along Dealing with the loquacious Menachem Begin, Habib would let him run on a while, then interrupt him with a blunt deflator "Prime Minister, what " Habib had a different style you're really saying is this from Henry Kissinger, whom he assisted during the Middle East shuttles in 1974 that led to the disengagement agreements made by Israel with both Egypt and Syria "Kissinger," says one Israeli official, "was more of a preacher He'd lecture us Habib takes pains to avoid that "

Habib would use his sense of humor to ease tensions, occasionally speaking the few words of Arabic he remembered from his childhood to amuse the Lebanese Bu knowing full

> well he had the backing of the President, he could be tough when necessary At one point, when the Israelis were mounting their relentless attacks on West Beirut, Habib threatened to abandon his mission then and there The Israelis stopped the attacks, and the talks went on

> "Phil lives on adrenaline." says one US official "He never gives up" nacity and dedication last week earned him a nomination for the Nobel Peace Prize by Senator Charles Percy, chairman of the Senate Foreign Relations Committee In a tologram, President Reagan praised Habib for "a truly sterling achievement" Said Reagan to his special envoy 'You have succeeded against staggering odds"



is now scheduled to be held early this week The leading candidate is Bashir Gemayel, 35, whose family heads the Christian Phalange Gemayel, who has a eputation for ruthlessness, is hated by Lounese Muslims But he is assuring them that he will protect their interests and that he wants to bring about a reconciliation of his country's Christian and Muslim factions The US is backing him because it sees no likely alternative. The Lebanese Parliament was supposed to elect a President of the country last week but failed to muster a quorum after rumors spread that Muslim militia groups from West Beirut were planning to blow up the temporary Parliament building

Whatever happens from now on the Lebanese crisis appears to have altered perceptibly the Reagan Administration's relations with Israel I from the beginning Washington found itself unable to convince Israeli Prime Minister Menachem Begin that it was serious about stopping the violence In early July President Reagan sent word to Begin that if Israeli attacks did not cease the US would have to seek direct talks with the PLO The threat seemed to work if only temporarily Iwo weeks ago, Reagan's fury over the ferocious Israeli attacks on West Beirut did seem to have an effect but by then the war was almost over

hroughout the crisis the President tended to give Begin the benefit of the doubt. At one point, when the Prime Minister assured him that there was no military movement in Beirut Reagan knew that three columns of Israeli tanks were advancing toward West Berrut The President chose to believe 'hat Begin was not lying but that there had been a breakdown in communications between Begin and Defense Minister Sharon

More important, however, the Lebanese crisis seems to have influenced Reagan's general attitude toward the Middle East Before the Israeli invasion of Lebanon, he was by instinct strongly pro-Israeli Now, says one Administration official he realizes that the US "needs very strong relations with both Israel and the moderate Arab states and that this entails having strong disagreements with both of them

What happens next depends in part on how well the evacuation goes The Administration is convinced that it must move decisively and quickly on the issue of Palestinian rights Reagan said as much last week and so did his new Secretary of State But at the same time, the US must press for a further round of negotiations aimed at securing the with-Irawal of Israeli and Syrian forces from Lebanon The logical diplomat to head such a mission would be Habib But, as Secretary of State Shultz noted last week. Habib first deserved 'a good night's sleep 'Shultz said that he didn't know whether Habib, who has had a heart condition for several years, would feel able to take on the job Shultz



French paratroopers arriving in Beirut The parting shots were fired into the air

recalled, however, that Habib had once told him that he never says no to a President'

Whoever gets the assignment of working to free Lebanon from foreign troops faces a considerable task Apait from the risk of open warfare between the Israelis and the Syrians the Administration fears the possibility of a Syrian-Israeli standoff that would, in effect partition the little country the US is trying to help reunify As Brookings Institution Fellow William Quandt a former member of the National Security Council puts it As long as Israel remains in the south, Syria won't leave the north And as long as Syria stays Israel will refuse to budge In his press conference Shultz acknowledged that the withdrawal of the two forces would take time but urged that the problem of Lebanon as well as the problem of the Palestinians, be addressed swiftly and resolutely With the bloodshed fresh 'said the Secretary, 'this is the moment to turn our eyes from the problems of war to the problems of - - By William E. Smith. peace ' Reported by Johanna McGeary/Washington and

William Stewart/Beirut

First, the French Foreign Legion



The 350 troops who landed at Beirut's port at dawn on Saturday belong to one of the most decorated units in the French army the Foreign Legion's Deuxieme REP (Second Foreign Parachute Regiment), whose history goes back to 1948, when, as the Second Foreign Parachute Battalion, it was sent to Cambodia to maintain internal security. In 1954, as Viet Minh guerrillas tightened their siege of the French base at Dien Bien Phu, 700 members of the battalion were dropped into the camp at night as last-minute reinforcements. Although the French were eventually defeated, the legionnaires fought heroically

Like other troops in the Foreign Legion created by King Louis Philippe in 1831 to pursue France's colonial ambitions, members of the Deuxième REP ostensibly are foreigners. In fact, many are Frenchmen who, with the tacit complicity of the legion, join by pretending to be Belgian, Swiss or Canadian One attraction for recruits new identity papers that protect them from the police The Deuxième claims to have killed or wounded some 4,000 rebels during the Algerian war, while only 171 of its men were killed and 427 wounded. The unit remained neutral when the First Foreign Parachute Regiment backed an attempted coup against President Charles de Gaulle and was subsequently disbanded

The Deuxième is best remembered for its rescue of 2,500 European civilians trapped when Katangan rebels tried to take over the Zaire city of Kolwezi in 1978 More than 100 civilians were killed before two daring airdrops brought some 600 paratroopers to engage the rebels in street-by-street fighting that ultimately restored order The French lost four men in the entire operation Since Kolwezi, the Deuxième REP has been incorporated into France's equivalent of a Rapid Deployment Force

Joining the Deuxieme in Lebanon are several hundred troops of an equally distinguished unit The Troisième RPIM (Third Marine Infantry Parachute Regiment) was formed in French-held Algeria during World War II To bolster its ranks the Troisième sent recruiters to London to enlist Frenchmen who had escaped from the occupied mainland After parachuting into France, the force went on to take part in the jubilant liberation of Paris In 1948 the Troisieme was sent to Indochina, where it was cited for bravery in the battle of Dien Bien Phu

The regiment's last major action, ironically, was as part of the United Nations peace-keeping force that was assigned to Lebanon in 1978. The regiment stopped patrolling in the demilitarized UN zone after PLO. forces opened file on the regiment's outposts and ambushed its commander, Jean-Germain Salvan, wounding him seriously

11 IME, AUGUST 30, 1982

World

Visitors or Conquerors?

The motives of Israel's forces in Lebanon remain unclear

A Israeli border, road signs in Hebrew point the way to Beirut Nabatiyah Sidon and other cities. Israeli military policemen with red armbands and white helmets direct traffic at key intersections, and the road has been newly blacktopped to speed the transport of Israeli men and materiel As the highway approaches Beirut it passes several large encampments of Israeli soldiers

Israel's invasion of Lebanon has evoked fears that Israeli troops have come

long the coastal highway north of the | now mostly out of sight Israeli troops are permitted to buy only soft drinks, candy and cigarettes from street stores and vendors Fraternization with the Lebanese is prohibited, and Israelis are barred from the restaurants and cafes of East Berrut and Jounieh, a few miles to the north. The army authorities have also warned Israeli soldiers to avoid Lebanon's plentiful supply of hashish

As a rule, the Israelis have left municipal governments alone Says Ibrahim Adnan, underprefect of the Nabatiyah 1eto stay, just as they did in the West Bank | gion 'Frankly, the Israeli troops don't in-



Armed Israeli soldlers stroll past a Lebanese vendor in a Sidon street If the Israelis remain after the war they will have no friends here

and Craza Strip which Israel has occupied since 1967 The Lebanese note that although Israeli Prime Minister Menachem Begin declared shortly after the invasion of Lebanon last June that Israel did not want any Lebanese territory Jerusalem has insisted that a 25-mile-wide strip inside the Lebanese border be subject to international guarantees under a multinational force. To complicate matters, the Israelis have said that they will not leave until the estimated 30 000 Syrian troops that are based in the Bekaa Valley withdraw from Lebanon. The Israelis have strongly hinted that if negotiation fails they will force the Syrians withdrawal by military means

Yet except for directing traffic and moving military equipment the Israelis have tried to keep a relatively low profile in Lebanon The groups of Israeli soldiers that wandered around East Beirut in mid-June like so many gawking tourists are terfere at all in our affairs. But that to some Lebanese, is precisely the problem A Lebanese police officer who has not received a paycheck from Beirut since the invasion complains bitterly that the Israelis are not doing enough to restore order Says an Israeli officer We had to find a way not to be a military government, but at the same time to get things done

Israel's most pressing problem in southern Lebanon is that of the displaced Palestinian refugees United Nations officials estimate the number of homeless at 80 000, many of them women and children who are encamped in schools and public buildings (More than 7,000 Palestinian males are being detained as PLO suspects at Ansar, a village near Sidon) Israeli forces have denied Palestinians permission to return to the camps that were once their homes though last week Jerusalem finally relented and agreed to let the UN bring in 11,000 tents for hous-

ing before the October rains begin Ultimately, however, the Israelis would like the camps to disappear, and for the 150,000 to 200,000 Palestinians presently living in southern Lebanon to be resettled in other Arab countries or in other parts of Lebanon Says a senior foreign ministry official in Jerusalem "If we once more rebuild the squalid camps, they will become spawning grounds for terrorism '

Many Lebanese react nonchalantly to the Israeli presence They fondly recite the long list of foreign armies that have conquered and occupied Lebanon over the past 3 000 years. The history lesson is usually given with a wry smile and a knowing look as if to say that armies have come and gone but Lebanon has always prospered The newest occupiers are judged in comparison with their predecessors, a distinct advantage The Syrians who have been in Lebanon since 1976 as the main component of an Arab Deterrent Force, are generally disliked because of their heavyhandedness Similarly many Lebanese will not regret the departure of the PLO which has run sizable parts of the south as a state within a state

till Lebanese officials are becoming Sincreasingly concerned about Israel's economic intentions. Despite its fratricidal troubles, I ebanon has had a relatively healthy free-market economy. The Lebanese pound can be freely exchanged for Western currencies, inflation has been running at a relatively modest 23% and in 1981 Lebanon had a balance of payments surplus of \$1.2 billion. In contrast the Israeli economy is controlled the shekel is not readily convertible, and Israeli inflation is in triple digits

The Israelis are profiting from some ventures in Lebanon Near the military headquarters in Sidon for example, they have set up an El Al audine office Every day between 50 and 150 Lebanese buy tickets from Tel Aviv's Ben Gurion Air port to distant parts of the globe With the cooperation of the Israeli authorities, several travel agencies in Sidon are also doing a brisk business operating one-week tours of Israel at \$200 a head A senior Lebanese official last week charged that the Israelis had looted Beirut International Airport emptied its duty-free shops and even confiscated the big reservations computer of Lebanon's Middle East Airlines Warns a Christian shopkeeper 'If the Israelis remain after the war they will have no friends here '

Between Metullah in northern Israel and Nabatiyah in southern Lebanon, a winding road passes through two PLO minefields The Israelis have made no attempt to clean out the mines, a tedious and risky job that they would have to take on if they stayed The Israelis are apt to find that Lebanon itself is a political minefield that poses ever greater dangers with each passing day —By Marguerite Johnson. Reported by David Alkman/Jerusalem and Roberto Suro/Beirut



A government under siege: armed mullahs march in Tehran

Tales of Gloom

Inside a beset regime

Mostafa Hakimian is the pseudonym of an Iranian diplomat who held several senior positions in Ayatullah Ruhollah Khomeini s Islamic government until he was ousted last year Since then Hakimian has traveled to Iran secretly half a dozen times Last week after his latest visit there he shared his impressions with TIMI

hen I went to Iran three months ago I thought the situation could not get any worse I was wrong. The juling clergy have turned Iran into one huge funeral parlor. Death and the related ceremonies are the only diversions available. A thick miasma of repression and gloom has settled on the land.

In Urumieh, located in northwest Iran, all one sees are soldiers, Islamic Guards, veiled women and sallow-faced, apprehensive men and children. The city, once among the cleanest and most picturesque in Iran, is now an eyesore a panorama of uncollected garbage, decaying public works empty shops and people in tattered clothes.

In several other cities, I saw enough to conclude that the Khomeini regime is under siege Anyone anywhere in Tehran is liable to a body search. The most terrifying aspect of the checks is the jittery, trigger-happy condition of the militiamen They know there is a good chance they will die if they stop an urban guerrilla When I was stopped one day, I deliberately feigned shock and fear, sitting down and asking for a glass of water At the first sign of my weakness, their faces lighted h up The leader of the search party told me You must understand our problem Many of our brothers have asked a suspicious character to stop and found themselves blown to pieces right away

Despite the repression, the people are fighting back. A police captain told me that every single day the Tehran police find one or two bodies of government officials or Islamic Guards, blindfolded,

manacled and shot in the head by urban guerrillas. All such bodies have a slip of paper attached, declaring that the victim has been found guilty of treason and sentenced to death by the People's Court

Nobody believes the present system will last not even senior government officials and the regime's own political police. This mentality causes officials from the senior clergy down to the Islamic militiamen, to be corrupt. Everyone is trying to make as much as possible within the shortest time in order to escape before the day of reckoning. Everything is for sale. Any arrest court order or verdict is negotiable. When rich people—that is what's left of them—are arrested for whatever reason, a multiplicity of 'family friends' turn up offering to arrange for their release.

he people are expecting "something" to happen. Life has become too joyless and humiliating for the average Iranian to allow for any attachment to the status quo All basic commodities are supposed to be rationed. In fact, rationing is an excuse for black-marketeering Clergymen in charge of militiamen's committees run the rackets. Their agents sell a pack of cigarettes at \$5, about five times the official price, under the counter Car owners restricted to 40 liters (10 56 gal) of gasoline a month pay about \$21 for an extra 20-liter (5 28 gal) ration coupon, a hefty addition to the \$7 50 cost of the gasoline Every child is allowed a ration of 1 lb of powdered milk a week, which is not enough. For the rest, parents have to go to the clergy-run black market

One rarely sees a mullah on the street, a clear sign of how hated the clergy are Khomeini, once the idol of the people has managed to become as hated as the Shah, if not more The reason he has managed to retain his power is simple a minority of Iranians are ferociously committed to him But the people who do not support him have become cautious for two reasons the regime's medieval brutality and their bitter disillusionment with revolutionary change They are not willing to trust another leader easily, fearing a new, perhaps even more devastating betrayal

Holy Terror

Khomeini sends forth a zealot

e gained fame in his homeland and infamy in the US, as the clerical adviser of the militants who held 52 American hostages for 14 months in Iran Now Hojjatoleslam Mohammad Mousavi Khoeyniha, 44 has been given another mandate to export religious revolution to Saudi Atabia

Khomeini has appointed Khoeyniha to direct Iran's mass hadi (pilgrimage) to Mecca one of Islam's holiest rituals His instructions to foment agitation among the 2 million or so Muslims who will be flocking to Mecca in September Khoeyniha will thus be Khomeini's agent to help promote the religious insurrection that the Avatullah has vowed he will bring to Saudi Arabia and the other oilrich gulf states. TIME has learned that Khomeini told Khoevniha not to be intimidated by the more moderate clergymen among the estimated 100 000 Iranian pilgrims 'Disobedience to you' asserted Khomeini is disobedience to me' Khomcini exhorted Khoeyniha to renew the power of Islam which profiteers and thinkers of warped thoughts have consigned to oblivion

The conservative Saudi leadership, already wary of unrest among the country's Shrite minority fears the trouble Khoeyniha will bring in his wake from Iran where the Shrites are dominant. Already the Iranian embassy in Saudi Arabia has secretly been printing and stockpiling millions of propaganda tracts Their message reactionary' regimes like Saudi Arabia are hand-in-glove with the enemies of Islam and Muslims everywhere must unite and overthrow their "lackey governments. As a security measure the Saudis are banning Iranian pilgrims from visiting Shi ites in the east on their way to Mecca Khomeini's strategy is to pack the ranks of pilgrims with Muslim zealots, known as Hezhollahis (members of God's party) as he attempts to stir up trouble in Saudi Arabia



Khoeyniha in front of his mentor

Exporting home-grown functions

Frightening Specter of Bankruptcy

An ailing neighbor looks to Tio Sam for a helping hand

Mexican Finance Secretary Jesus Silva Herzog exuded a somewhat forced air of confidence as he addressed his countrymen last week Like a terminal-ward doctor polishing his bedside manner he likened Mexico's economy to a "sick patient" who required different treatments as his condition fluctuated With an unemployment rate of more than 50% and inflation that threatens to reach 100% by year's end Mexico's economy is certainly ailing In fact, the economic crisis was widely viewed as Mexico's worst since the 1910 revolution

But to many Mexicans the government's drastic prescriptions seemed nearly as bad as the disease the imposition of strict currency controls an effective freeze on most dollar accounts sharp price hikes and the second peso devaluation in six months. Most alarming was SilBritain—were reported to have the greatest exposure in banking terminology to Mexican borrowers

Io forestall a default Silva Herzog had spent a weekend in New York City just before his televised speech. He returned home with the promise of a \$1 billion advance against future oil sales from the US Treasury's Exchange Stabilization I und and another \$1 billion loan from the Commodity Credit Corporation for grain purchases from the US Meanwhile an additional loan of \$1.5 billion was being negotiated with the central banks of seven other Western countries and Japan

After his speech Silva Herzog returned to New York to meet with representatives of about 115 international banks that hold Mexico's foreign debt. He requested a 90-day postponement of loan

lion pesos a day Increased capital flight prompted last February's 40' devaluation But the government immediately undermined the measure with sharp wage hikes that fueled inflation and led to a new run on the peso Lopez Poitillo who had earlier vowed 'to fight like a dog to defend the peso," was thus obliged to decree a second devaluation on Aug 6 To complicate matters further the government froze all foreign-currency bank accounts in Mexico then announced last week that they would be paid off only in pesos at a fixed rate of approximately 69 50 to the dollar - far below the market rate which was hovering around 100 at week send he result has been a combination of

in what was supposed to be the country's

economic salvation the discovery in the late 1970s of oil reserves estimated to total as high as 200 billion bbl, second only to

Saudi Arabia's supply As the pace of oil development increased, public expecta-

tions rose and the government of Presi-

dent Jose Lopez Portillo launched a bold

expansionist program To pay for imports,

private and public corporations increased

their borrowing abroad The crunch came

when the current worldwide recession,

along with the oil glut, sent prices tum-

bling for Mexican crude Meanwhile high

US interest rates increased the carrying

cans began converting their national cur-

rency into dollars at a rate of up to 25 bil-

As public confidence waned Mexi-

cost of the Mexican debt

The result has been a combination of panic confusion and anget as Mexicans awaited the governments next move "This is like Russia" said a 54-year-old Mexico City libratian who saves her money in dollars to go on a yearly trip "We are trapped. It is against the working people who save their money for some simple pleasures. The anget has been aimed largely at President Lopez Port llo, who on Dec. I will turn power over to his hand-picked successor, Miguel de la Madrid Hurtado, who won 74% of the vote in last month's presidential election.

As bad as things seemed most analysts felt that Mexico would eventually find a way out of its crisis When the dust clears 'said one U.S Federal Reserve Bank official, I am confident this will turn out to have been a much shorterterm problem than the one in Poland Working in Mexico's favor is the oil pool which despite declining prices, guarantees a substantial future export income Another, paradoxically, is the sheer magnitude of the country's debt, rather than spark widespread financial chaos by declaring a default international bankers have little real choice but to reschedule Mexico's payments Finally, Mexico's strategic and economic importance to the US means that the oft vilified Tio Sam can be counted on, once again, to lend a helping hand --- By Thomas A. Sancton, Reported by Laura López/Mexico City and Frederick Ungeheuer/New York



Mexicans queuing up for copies of the latest rules on currency exchange

Many felt that the government's drastic prescriptions were as bad as the disease

va Herzog's admission that Mexico was unable to meet current payments on its huge \$80 billion foreign debt among the highest in the Third World. The statement raised the specte, of a possible default that would have a domino effect on the international banking system. No one was more conceined than U.S. bankers who hold about 60° of Mexico's debt.

Indeed rumors ripped through Wall Street late last week that two major New York banks. Manufacturers Hanover Trust Co and Chase Manhattan had extended so many loans to Mexico that a default would leave them insolvent Both banks denied the reports but rates for three-month maturity US Treasury bills plunged to a 26-month low of 6 99%. Three of the world's largest banks—Bank of America, Citibank and Lloyds Bank of

repayments totaling some \$10 billion Silva Herzog added that Mexico would require between \$500 million and \$1 billion in additional credits over the next year. The proposals were accepted in principle

I he key to the salvage effort is Mexico's application to the International Monetary I und for about \$4 billion in loans over the next three years Banking sources said that the request might be approved within six weeks, which would in turn give the commercial banks enough confidence to reschedule Mexico's debts But the IMI is likely to demand some painful belt-tightening measures, including wage freezes import restrictions and reduced government subsidies which could dangerously aggravate social tensions in Mexico

Ironically, the latest crisis had its roots

Recalling in Sorrow and Hope

Two years ago, Solidarity was born, and changed a nation

ree trade unions An end to the Polish government's meddling in daily life A greater voice in public affairs. Until two years ago last week these lofty goals were only the dreams of a handful of militant workers and intellectuals. Then quite unexpectedly during two momentous weeks in August 1980, everything in Poland changed

Workers at the Lenin shippard in the Baltic seaport of Gdansk laid down their tools on Aug 14 and refused to leave. As news of the strike spiead an unemployed electrician named. Lech Walesa climbed over the shippard's iron-bar fence and into history. Under his leadership the workers demanded higher wages an earfier retirement age better food supplies and, in a dating political challenge to the regime the right to organize independent trade unions.

The movement quickly inflamed the Polish spirit. Thousands of ordinary citizens began to mass outside the shipyard's main gates decorating them with flowers, ribbons papal poitraits and red-and-white banners. And before the year was out. Solidarity had finally become a reality a free trade union, 10 million members strong and powerful enough to transform the political life of Poland.

Since the imposition of martial law almost nine months ago. Solidarity has once more become the stuff of dreams, its organizational structure crushed and its leader. Walesa, under house arrest. While ralling on Soviet President I eonid Brezhnev at his summer retreat on the Black Sea last week, Poland's leader, General Wojciech Jaruzelski, labeled the tattered remnant of the suspended trade union a counterrevolutionary underground whose activities are inspired and supported from the outside mainly from the United States.

In case that message might be lost in any upsurge of nostalgia on the second anniversary of the birth of Solidarity, security police turned Gdansk into an armed camp and quickly dispersed a crowd of 200 young demonstrators In Warsaw, several hundred Poles braved water cannons to add flowers greenery and pictures of Walesa and Pope John Paul II to the now famous cross laid out in Victory Square to honor the late Stefan Cardinal Wyszynski But late last week authorities sealed off the square with a sturdy 6-ft high gray wooden fence Still, as one veteran Western diplomat in Warsaw said of these latest acts of derring-do This is what Poles do best But what does it gain them?

Despite such displays of support for the suspended trade union, Poland's miltary leaders have made it clear that any new national accord will have to be on their terms or not at all

IME, AUGUST 30, 1982

There have been signs that some fac-

tions in Solidarity have reluctantly begun to take to heart the government's tough talk. A bulletin issued this month by the leadership of an underground Solidarity chapter at the Lenin shippard at Odansk called for calm and restraint so that the government would have time to honor its commitment to continue reform. Loonomic hardships have clearly blunted the enthusiasm of many supporters for a confrontation with the regime.

But even if it can rule indefinitely by sheer force of arms the Jaruzelski government must also win the cooperation of the nation to halt Poland's continuing economic decline. According to government statistics industrial production in the first seven months of this year was 73'c lower than in the same period last year. To compound the problem early indications that agricultural production would improve this year have been thrown off by a long dry spell. The potato

sanctions 1/1 do hear people complaining that the same idiots are ruining the economy

The grumblers cannot be referring to the Communist Party. For practical purposes it has all but disappeared. Displaying a military man's love for order and a discernible chain of command. Jaruzelski filled virtually every important party post at last month s plenary session with officials who are loyal to him, and he has used the army to handle such details of the economy as issuing coupons necessary for the purchase of farm machinery fertilizers and seed.

The Roman Catholic Church the other major force in Polish life, has been reluctant to provoke the military government openly fearing that such a move might lead to more stringent controls and possible fraternal assistance from the Soviet Union Some church sources have conceded in private that Solidarity, as an organization may have to disappear in order for its ideas to live on Still in the absence of any formal opposition to the regime the church has tried to press the authorities ior some form of national dialogue. Last week Archbishop Jozef



Riot police using water cannons to disperse a crowd in Warsaw's Victory Square

Contending with an 'invisible' hatred when people keep silent and grind they teeth

and sugar-beet harvest may be 25% smaller than in 1981. This can only put further strains on weary Polish consumers who already find it difficult to make ends meet. Though wages have risen 40% this year prices have doubled.

The martial-law regime has tried to pin the blame for Poland's weak economic performance on US trade sanctions, which were imposed after the military crackdown last December The sanctions have indeed hurt Poland indirectly by holding up agreement on rescheduling payment of Polands \$27 billion foreign debt. The sanctions have also choked off the flow of Western capital that will be needed if the economy is to revive over the next four years. But, as one Polish intellectual observed "I never hear anyone on the bus grumbling about Reagan's

Glemp, the Polish Primate told a crowd of well over 100 000 pilgrims in Czestochowa. The dialogue could begin to build toward an agreement and relieve the hatted that can sometimes be invisible when people keep silent and grind their teeth.

As Poles began to mark the two weeks of emotional anniversaries that will cimax on Aug 31 the date when the Polish government signed a national accord two years ago with Solidarity the true depth of the 'invisible hatred had yet to be measured However unlikely another outburst of widespread national unrest seemed last week, it still could not be counted out There is a precedent two years ago at the Lenin shippard when one strike came to an end and another of a totally different sort began —By John Kohan. Reported by Richard Hornik/Warsaw

15

THE PHILIPPINES

Communist Guerrillas Gain Ground

Moscow's influence over insurgents grows

oung kids trying to establish their credentials as revolutionaries and doing a bad job of it "That is how Philippine President Ferdinand Marcos 64 characterizes the Communist guerrilla movement called the New People's Army (NPA) now active throughout the majority of his country's 73 provinces. The President may be underestimating the threat to his regime. During the past five years, the NPA's ranks and influence have swelled steadily Major General Josephus Ramas 53 head of the Philippine army, conceded that in the past year alone the number of NPA 'active elements rose from 6,000 to 7 700. The Communist Party of the Philippines (C PP) can now boast that its guerrilla wing is the only Marxist insurgent movement in Asia that

ning of 1981 hardly constitute a flood of Soviet weaponty into the country Nonetheless they signal a political shift by the Philippine Communists away from their Maoist anti-Soviet roots Born in 1968 in the heat of the Cultural Revolution in China the CPP was originally a classic Maoist party that condemned the USSR as reactionary and sought power through rural guerrilla warfare along the lines of the Chinese model With China's abandonment of Mao's principles after his death however and with ties between the US and China growing some CPP ideologues began to admire Soviet-bloc support for the Communist guerrillas in Nicaragua with whom they closely identified This new-found respect for the Soviets alarms CPP founders like jailed Jose nila has poured an estimated 6,000 soldiers into Bicol's northern and central provinces, testimony to the strength of the guerrilla movement

The guerrillas in Bicol owe their success as much to the rural population's isolation from government services and law enforcement as to its poverty. In effect, the N PA has provided its own form of order. dispensing instant justice often in the form of public executions of known criminals who have gone unpunished by the authorities But their harsh methods have also antagonized many who might otherwise be sympathetic to their cause. The guerrillas have imposed stiff taxes, which often work painful hardships on peasants Says a Bicol priest 'Some of the fai mers complained to me that what they were giving to the NPA worked out to more than what the government wants in taxes" Moreover there is abundant evidence that the NPA s instant-justice hit list has included people other than criminals. The guerrillas make clear that political oppo-





In a mountain hideout, Communist guerrillas pose with weapons; antiguerrilla constabulary troopers pass in review

Said a CPP founder "Soviet hegemony is anothema to national liberation movements. Nobody wants a hear hig. It can be fatal

is gaining ground Says one left-leaning Philippine lawyer "If the NPA had access to more weapons, it could arm three times as many people as it does now "

That access to more arms may already have been gained Military officials last year began receiving reports that NPA guerrillas in northern Luzon's Cagayan Valley, and others in Luzon's southern tail of Bicol were carrying newly imported AK-47s and AK-50s automatic rifles manufactured in and donated by Soviet-bloc countries Concern deepened last spring following the arrest of several leading Communist Party members Caught with them was Jaime Bernal, a leather-goods dealer who told his interrogators that he and an NPA arms procurer last year arranged with the Palestine Liberation Organization in Beirut to take delivery of some 200 AK-47s and Makarov pistols in Aden, South Yemen a key Soviet-controlled base in the Middle East

The few shipments of arms that can be traced to the Soviet bloc since the begin-

Maria Sison, who last month warned 'Soviet hegemony is anathema to national liberation movements' Nobody wants a bear hug It can be fatal' But the prevailing attitude is reflected by a prominent party member who told TIMI'S Nelly Sindayen. The Soviets are viewed by many CPP members as more consistent in their support for small liberation movements'

he Philippine liberation movement is indeed small, but the NPA's strength continues growing in rural areas like the isolated sections of the northern Bicol region where the hilly terrain facilitates guerrilla tactics and the economic and political grievances of the disgruntled farmers can be easily exploited. It was here that in June 1981 the NPA organized a march by 2,000 to 4 000 peasants in favor of a boycott of the one-sided presidential election won by Marcos That march ended on a road in Daet, the largest city in the province, when government troops opened fire on the protesters, killing six and wounding 43 Since then, Manents and suspected informers within areas they control will not be tolerated. One reliable estimate is that at least 142 civilians have been killed by the NPA during the first half of this year alone.

Still many of the hapless civilians seem to prefer the predictable terrorism of the NPA guerrillas to the military's random violence Drunken soldiers this summer killed five civilians near Daet, allegedly because one of the soldiers did not like the way one of the victims looked at him The case was declared outside the jurisdiction of the local civilian court and transferred to a military court in Manila Complains the embittered provincial governor, Fernando Pajarillo, 61 "Who will go to Manila to testify? No one People. fear a whitewash and there will be one Concludes Pajarillo "The NPA grows as military abuses grow "The Bicol priest agrees "The poor farmers around here are afraid of people carrying guns, no matter what side they're on But they fear the soldiers most " ---By Hunter R. Clark.

Reported by Ross H. Munro/Manila

HISTORICAL NOTES

Guadalcanal: 40 Years After

In a mood more reflective than jubilant, survivors return

There is no question that Japan's doom was sealed with the closing of the struggle for Guadalcanal

-Rear Admiral Raizo Tanaka of the Imperial Japanese Navy

t was not a small island 90 miles long and about 35 miles wide, shaped like a znarled Idaho potato, it was one of the arger of the Solomon Islands, the green and torrid chain hanging under the equaor 600 miles east of New Guinea But few

seople in the world had even neard its name before the summer of 1942, when the still conquering Japanese, sweeping southeastward to cut the vital supply line between the US and Australia, chose it as a site for an airfield American commanders, considerng the proper target for their first and offensive in the Pacific theiter of World War II, had found t Guadalcanal

D-day was Aug 7 1942, four lecades ago this month At first Juadalcanal seemed a cakewalk When the troops of the 1st Marine Division stormed ashore near Lunga Point they met no resisance at all The Japanese workng on the nearby arrifeld fled U.S. Marines landing on Guadalcanal in August 1942 nland, leaving the strip to become famed Henderson Field and ibandoning a sizable cache of 'ood and supplies The Marines would need them Before Guadalanal was secured six months later, the steaming, pestilential isand and the battles on and around it would exact a terrible oll from both sides

The Japanese suffered losses rom which they would never iecover as many as 24,000 died on Suadalcanal itself, more than a third of them from starvation or rom diseases like dysentery and he epidemic malaria spread by he island's squadrons of mosqui- inspecting campaign relics at private museum during reunion roopships sunk trying to reach

Guadalcanal, and by one count, 2,400 piots and crewmen, along with about 800 planes, were lost by the Imperial Navy air arm Some 1,600 of the 60,000 US Maine and Army troops committed to the isand died, but at sea, in a series of devasating battles, losses were worse By one nistorian's estimate, close to 5,000 US Navy sailors and officers (including two idmirals) died Both sides lost so many ships that one graveyard off Guadalcanal s still known as Ironbottom Sound

Thus, last week, as an international contingent of nearly 100 veterans of the Juadalcanal campaign ended a 40thinniversary memorial visit to the island, heir mood was reflective rather than jubilant A few had come from Japan others from Australia New Zealand and now independent Pacific island nations. most from the US But they had come less as victors or vanquished than as fortunate survivors returning, many for the first time to examine the ground that tested them One of the early visitors to inspect an exhibition of relics and photographs set up by the Solomon Islands government was Akio Tani 64 former commander of a Japanese artillety unit on





oes Thousands more perished in Business "as if nothing had ever happened, but it had

Guadalcanal and now a Tokyo locksmith At a private war museum, Japanese and American flags were raised together

Some memories were uncomfortable The Australian frigate HMAS Canberra steamed in for a wreath-laying ceremony on Ironbottom Sound, where her namesake, an Australian cruiser had gone down in the 1942 Allied naval debacle off nearby Savo Island On land, however, relics of war have become familiar decorations or useful hardware artillery pieces stand in parks machine guns along roadsides, and the steel mesh once used for airstrips fences coconut plantations Henderson Field is now the international airport for Honiara, a city of 22,000 grown up on the site of the Point Ciuz US base, and capital of the independent Solomon Islands since 1978

Joe Foss, 67, celebrated Marine air ace and Medal of Honor winner for downing 26 Japanese planes during the Guadalcanal campaign, seemed a bit in awe of the changes Despite remarkable shifts in his own life (he went on to become Governot of South Dakota commissioner of the American Football Leagues and is now chairman of Here's Life. World, a ministry of the Campus Crusade for Christ International) he found the island unsettling "It's a strange feeling ' he observed, to come back to a place that was shot up and where you were shot at and to find business going on quite normally, as if nothing had ever happened

> Yet wonderment at the island's new public image did not obscure private pilgrimages Harold Bruschwein 66, a retired college teacher from Wahpeton. N Dak, took his wife Natalie up to a hill formation called Snake's Back, where as an infantry captain, he had won the Silver Star "Guadalcanal was the most traumatic period of my life," he explained 'I wanted her to share the memories' Said Natalie "Now I can understand ' Former Marine Sergeant Jack Brookshire 62, a retited engineer from Jackson, Ga, had been in the first wave in 1942, and searched out the site of his original encampment at the mouth of the Lunga River When he saw an old gun emplacement, he said it all came back '

> For several of the visitors, one of the most stirring encounters was a reunion with a now legendary Solomon Islander named Jacob Vouza As a scout for the Allies. Vouza was captured by the lapanese, interrogated, stabbed repeatedly in the chest with bayonets, slashed in the throat and left for dead He chewed through his bonds, crawled back to Marine lines, gasped out vital information and collapsed

> Last week well into his 80s Sir Jacob Vouza was still present and accounted for proudly wearing his Silver Star, his George Medal and

other decorations On hand among others, was Horace Dunagan, 58 a bank president in Caruthersville Mo who as a teen-age Navy corpsman helped nurse Vouza back to health These days Vouza speaks and walks with some difficulty, but said Dunagan 'I was unable to say much myself Meeting him brought tears to my eyes

Vouza in fact may have said it best for all the veterans two decades ago, when he sent his 1st Marine Division comrades a message on the 20th anniversary of the Guadalcanal landing 'Tell them I love them all," he wrote then "Me old man now, and me no look good no more But me never forget " -By Mayo Mohs. Reported by John Dum/Solomon Islands

ME, AUGUST 30, 1982



irish eyes are smiling: the President and Speaker O'Neill strike an unlikely alliance in the Rose Garden

United States

Scoring on a Reverse

With blocking from the Democrats, Reagan wins another showdown

hen it came to the test a | bipartisan majority bit the bullet said an exultant Ronald Reagan a few minutes after the votes were counted Continuing his remarkable streak of legislative victories the President had deftly corralled enough Congressmen of both parties into approving a contradictory but much needed correction to his economic policies. In retrospect, the 226-to-207 victory was hardly surprising the President has made such miracles seem commonplace What was out of the ordinary was the nature of the triumph Reagan, who had come to Washington preaching a gospel of tax cuts, had wrested from an election-edgy Congress a huge tax increase that is expected to raise \$98.3 billion over the next three years

In supporting a tax increase, Reagan caused a deep rift within his Republican ranks and fractured for the moment the conservative coalition, that had formed the foundation of his previous successes Only by appealing to the patriotism and good sense of his liberal critics was he able to carry the day In so doing Reagan somewhat lifted from the Democrats the political albatross of being the party of high taxes. His victory however, showed that Reagan has developed a political skill that is far more important than whatever difficulties he created the flexibility to modify his ideology and put together new coalitions. All of us here today are united by something bigger than political labels' he said last week as House Speaker Tip O Neill, the florid avatar of old-style liberalism stood by his side in the Rose Garden "We are all Americans

What caused Reagan to reverse field

NYSE ... VOLUME... REACHED ... O NE ... HUNDRED ... MILL ION ... SHARES ... AT

l=57

vative coalition that had formed On the way to the record-volume day

with the economy essentially stagnant and nearly 10 million Americans unemployed, was a crippling fear that deficits over the next three years could reach \$500 billion if no adjustments were made in his program. In order to keep at bay this looming behemoth and bring interest rates down, Reagan accepted the need to raise new revenues. This pitted him against some of his usually most ardent supporters, like Congressman Jack Kemp of New York, who argue the supply-side theory that only by reducing taxes can the economy expand. The dispute said Kemp was "a historic clash of ideas."

Not exactly But what was historic was the unprecedented Wall Street activity that provided the backdrop to the denouement of the tax battle. For some time

interest costs have been easing downward, the prerequisite in most economists'—and ordinary citizens'—minds for an economic pickup But Wall Street so often excoriated by Reagan and the

Administration for its lack of faith had paid scant attention until Tuesday, when a leading credit analyst. Henry Kaufman of Salomon Bros who has been a noted somsayer of late, predicted that the and would probably continue After being pent up for months the stock market reacted with a frenzy The Dow Jones average of 30 industrial stocks jumped 38.8 points that day the largest single-day gain in history and the following day 132 7 million shares were traded setting another record On Friday after passage of the tax bill the Dow shot up almost 31 points. The week's hectic activity for which the Administration claimed some of the credit partly reflected a renewed faith in Government policy Said Wall Street Analyst Hildegard Zagorski Passage of the President's plan set the upside juices flowing' Indeed with a settlement at hand in the Lebanon crisis (see WORLD) Reagan could look back on what Spokesman Larry Speakes called probably the most rewarding week we ve had

The Great Communicator stressing bipartisanship and fairness took his case for the tax bill to the American people last Monday night Believe me he began ingratiatingly if some of you are confused I can understand why I hen he got down to brass tacks. The single most important question facing us tonight is do we reduce deficits and interest rates by raising revenue from those who are not now paying their fair share? Reagan admitted that the tax bill was a compromise that he had to swallow hard to accept But he vigorously denied that the measure which would collect \$18.8 billion for fiscal 1983 and \$983 billion over three years was the largest tax increase in American history as critics charged (Indeed that distinction could belong to the 1977 Social Security tax increase the provisions of which are now expected to raise \$112 bilfrom during 1983-85) Possibly it could be called the greatest tax reform in history

DEFICITS WITHOUT THE TAX BILL All figures in **\$**100 \$90 WITH THE TAX BILL \$80 WHERE THE 1983 1982 **NEW REVENUE** 1984 1985 1986 WILL COME FROM 49% CLOSING TAX LOOPHOLES 32% STRICTER TAX COMPLIANCE **2% NEW BUSINESS TAXES** 17% NEW **PERSONAL TAXES** Source Treasury Department TIME Chart by Nigel Holmes

measure Reagan noted will come from closing off special-interest loopholes This includes restricting the provision in the 1981 tax bill that permits companies to sell unused tax credits and deductions to other companies through what is known as 'safe harbor leasing and revising depreciation schedules so that companies can no longer write off investments in a way that allows them to recover more than they spent

Another 32% of the revenue will come from enforcing stricter compliance Almost half of the new revenue in the 1 with current tax laws. The most contro-

versial provisions would require restaurants to keep account of waiters tips (this was substituted in order to save full deductions for business meals the socalled three-martini lunch) and institutions to withhold 10% of most interest and dividend income for the IRS. Some of this income now goes unreported 'Simple fairness says that we should collect from those who are freeloading. Reagan argued

New taxes the President stressed would account for only 19% of the added revenues. Excises would be hiked on cigarettes telephone service and airline tickets Said Reagan Well for people who smoke a pack a day that tax will mean an increase of only \$2.40 a month. The telephone tax increase is only 54c a month for the average household. He argued that the new taxes were necessary to win bipartisan support for \$30 billion of cuts in Medicare and other domestic programs that Congress also passed last week

Reagan's televised appeal did not unleash the usual torrent of support. Afterward Democrat Buddy Roemer of Louisiana got 100 letters against the bill and only two in favor. The two were signed by the President and Vice President. But the TV speech and the letters from the President were important to the Democrats They provided protection from being blamed for the tax hike during the up coming campaign

This is one occasion when the President's position is right said Congressman Thomas Foley of Washington in the Democratic Party's televised response to the speech "He said that we need this revenue measure and we do While re-



United again after the vote: Republicans Trent Lott, Jack Kemp and Robert Michel

United States

luctant to support Reagan, most Democrats agreed, either privately or publicly that the increases were necessary to keep deficits from ballooning totally out of control And the Republican bill incorporated many of the tax reforms and business-loophole closings that the Democrats have long advocated

From then on, the effort to pass the bill was genuinely bipartisan, with leaders of both parties embiacing in a wary walt. Speaker O'Neill trooped to the Rose Garden with six other House leaders to give a public benediction When Reagan warmly shook the hand of the gruff Boston pol, O Neill broke into a warm smile 'It's a hell of a lot more fun this way said the Speaker, remembering past political battles. They retired into the Oval Office to share Irish jokes

In the corridors of Congress, Dan Rostenkowski, the tough-talking Democrat from Chicago who chairs the Ways and Means Committee was seen plotting strategy with Tient Lott, the button-down archeonservative Republican whip from

Mississippi "The coordinated effort was the strangest political phenomenon that this House has seen in a long time," said Republican Barber Conable of New York

The agreement between the party leaders, however, by no means guaranteed that the bill would make it The Democrats were determined not to help pass Reagan's bill unless a clear majority of Republicans voted for it For their part, the White House operatives feared until the end that the Democratic leadership might back out of the bargain A top Reagan aide admitted that if he had been calling the shots for the Democrats, he would have doublecrossed the President Said he "From a purely political point of view the Democrats should have killed this bill It could have crippled this President"

Reagan threw all of his energy and prestige into the nitty-gritty fight. Aides said that he dug in his heels after he heard reports that his right-wing allies were doubting both his commitment to conservatism and his understanding of the tax bill When he saw Kemp on TV arguing against the measure the President asked his staff Why don t we meet with these guys again? So 28 diehard conservatives were brought to the State Dining Room the night before the vote John Hiler 29 a first-term Congressman from Indiana, suggested that a no vote would not be disloyal because it was a matter of principle Reagan reminded Hilei that he had been out on the mashed-potato circuit talking about a conservative philosophy when it hurt to be a conservative Now it's casy to be one Then the President put the issue in more starkly political terms Said he What are you going to do to my effectiveness if you defeat this bill? How can I campaign that I want more Republicans in Congress if they won t support me"

yn Nofziger, Reagan's longtime political troubleshooter, who had opposed the tax hikes before being won over by Reagan coordinated the White House's lobbying blitz More than 35 business and trade groups joined the effort. The President spoke with some balky lawmakers three or four times. Expecting his fourth phone call, Republican Gerald Solomon of New York left a message that he was sick and hid out in the House cloakroom.

Political favors were dispensed freely Republican Norman Lent of New York was promised that the A-10 Thunderbolt II attack plane, made on Long Island, would not be phased out as planned if he voted for the tax bill Lent "agonized." then supported the President Said one White House aide "This has been the biggest shopping spree we've gone through."

Rostenkowski and O'Neill lobbied just as hard on their side of the aisle When Rostenkowski realized that certain Democrats were purposely avoiding the floor during the debate so as not to have

How One Vote Was Won

om Hartnett was one of the new breed of conservative Congressthen swept into office in the Reagan triumph of 1980 Once a Democrat, the South Carolinian switched parties after George McGovern's nomination in 1972, and he carries with him some of the fervor of the convert Though he helped Reagan win his budget battles last year he was put in an agonizing predicament by the tax bill "I'm philosophically opposed," drawled Hartnett the day before the vote 'You don't cut Government by giving it more money You've got to starve the bureaucrats to death "The tall, dark-haired Congressman carefully adjusted his tie "But I don't President says he's convinced, and



know what to do, I really don't The Representative Hartnett of South Carolina

I've been with him on virtually every vote "

Reagan had been giving Hartnett the full treatment Twice the President had invited the lawmaker to the White House for a friendly chat. At one get-together, Hartnett complained that John Lehman, Secretary of the Navy, had abruptly canceled a visit to a naval base in his district. Lehman, it turned out, was peeved that Hartnett had tried to stop him from selling a destroyer, based in Charleston, to Pakistan "Oh, don't worry," said the President. No sooner had Hartnett returned to his office than the phone rang Lehman was telephoning from Japan. "I'll be there," promised the Secretary "Oh, by the way, we'll make sure that destroyer stays in your district."

Hartnett was pleased by the favor, but he was still uneasy about the tax bill "I couldn't quite imagine people in my district slapping me on the back and saying, 'Hey, thanks for raising my taxes'." Treasury Secretary Donald Regan called, as did Caspar Weinberger of Defense and James Watt of Interior The White House's political operatives pointed out that with his Democratic opponent having recently been arrested for drunk-driving, Hartnett faced an easy election this fall. "Come on, Tommy," they insisted, "you can afford this vote"

Two hours before balloting began, Energy Secretary James Edwards, a fellow South Carolinian and a friend, called to make a final pitch "The President is waiting," said Edwards "He's doing some horse trading up here, and he's got to have a commitment I want it now "Still Hartnett refused

As the voting bells rang, Hartnett headed for the floor At 5 49, two minutes after voting began, one of the President's men implored Hartnett to come to the rescue if the vote was close. Five minutes into the voting, a conservative colleague asked him to cast a no vote. "I really don't know what I'm going to do," insisted Hartnett. Then, with less than a minute to go, the Congressman stood up amid the hubbub on the floor. Hartnett gazed up at his wife in the spectator's gallery. He gave a thumbs-up sign, shrugged and pretended to flip a coin. Finally, he held his head for a moment and pressed the yes button on his electronic voting machine. As it turned out, he had cast the 218th, and decisive, vote for Reagan's tax. Will. "It tore at my conservative guts to vote with people like Tip O'Neill and Dan Resteinkowski," Hartnett said afterward. "But it was the right thing to do."

their arms twisted, he demanded a quorum call to force members to show up in the chamber 'I want to get them over here where I can get my hands on them '

ha said Kostenkowski s most spectacular move was a deal he cut with Don Bailey a Democrat from the steelworking region of southwestern Pennsylvania The way the tax bill was written some depressed industries that installed new equipment before the end of 1982 could sell their deductions under the safe harbor leasing provisions. For the steel industry, however the deadline had to be extended for there to be any benefits. Bailey told Rostenkowski These things have to be changed "But Bailey did not make his request until 10 30 Tuesday night 90 minutes before the conference committee report on the bill had to be filed So Rostenkowski got on the phone to members of the committee, asking for their apbroval and telling them of the 20 votes in the steel caucus that might hang in the balance Conable the ranking Republican on the House Ways and Means Committee strenuously objected but Rostenkowski had a majority and decided to make the change anyway. Bailey promised that he would lobby to line up support for the bill and vote in favor it his ballot was needed for passage (It was not)

Opposition Leaders Newt Gingrich of Georgia and John Rousselot of California both Republicans also had an impressive lobbying force behind them Among the heavyweights the American Farm Bureau Lederation the National Lederation of Independent Business and the staff of the 250 000-member US Chamber of Commerce As the debate wound down Gingrich and Rousselot counted only 139 votes for the bill But despite their well-organized efforts presidential persuasiveness turned out to be more powerful. When the tally was over 103 Republicans and 123 Democrats voted for the tax increase eight more than a majority Opposing the bill were 89 Republicans and 118 Democrats

Reagan watched the vote in a room next to the Oval Office with a handful of close aides. When the measure passed the group broke into applause and all eyes turned to Reagan Said the President 'O K that's enough daytime television. Let's get back to work

Later Thuisday evening the bill moved into the Senate where the White House felt confident of its chances Again, it was backed by a collection of strange bedfellows 'How does it feel to be rescued by Feddy Kennedy?' a colleague teased Senator Robert Dole, the Kansas Republican who fashioned the priginal bill Actually the wholehearted support of Senator Kennedy and other liberals was no laughing matter since it threatened to alienate potential conservative backers Majority Leader Howard Baker quietly sent a message to Democratic leaders asking them to restrain any public proclamations from colleagues As it turned out eleven Republicans decided to abandon ship, but enough Democrats voted for it to push the bill over the top 52 to 47

Reagan insisted all along that his support of a tax increase did not represent any reversal of policy or philosophy' In fact however, the tax bill is a notable mid-course adjustment in Reagan's economic approach. The budget and tax bills that he signed last August were the essence of Reaganomics a program that over three years would cut spending by \$1196 billion and reduce taxes by \$266 billion But these elements when added to a budget that was already out of balance led to projections of record deficits exceeding \$150 billion a year. Most economists feel this tide of red ink is largely to blame for the lingering high interest rates. One reason is that financing the is eventually supposed to be robust growth and balanced budgets has so far been just the opposite record deficits and the deepest recession since the Great Depression

Until his recent initiative Reagan had always firmly rejected the idea of raising taxes as a way to lower deficits and bring down interest rates. In his State of the Union message last January he said Higher taxes would not mean lower defi-

Raising taxes will slow economic L115 growth reduce production and destroy future jobs. He promised. I will seek no tax increases this year

Reagan's once fervent opposition to 1 higher taxes as a method of raising revenue stemmed in part from his adoption of the supply-side theory that has been propounded to him by Keinp and others including University of Southern California



Strange bedfellows: Kennedy with Republicans Baker, Pete Domenici and Dole A colleague teases Dole How does it feel to be rescued by Jeddy Kennedy!

the available investment capital. Another is that the fiscal irresponsibility suggests that the notable progress made in cutting inflation is only temporary. The high interest rates have in turn blocked the hope of an economic recovery by dampening investment and demand. A vicious cycle has set in the continuing recession increases Government outlays for welfare and unemployment benefits lowers the Government's tax receipts and raises the cost of financing the trillion-dollar federal debt

hile there are signs that the recession may have hit bottom the long-awaited recovery re mains as clusive as ever Despite a July pickup in multiple-family dwellings single-family housing starts are still at abysmally low levels. In devastated Detroit it is estimated that domestic car sales for 1982 could be the lowest in 21 years The payoff of Reaganomics which

federal debt threatens to soak up much of | Professor Arthur Laffer and Leonomic Consultant Jude Wanniski Supply-siders argue that when taxes are too high a reduction of rates will produce more rather than less revenue by stimulating the supply of goods and services that producers will have an incentive to create. As Reagan expressed it in the 1980 campaign If we make a deep cut in everyone's tax rates well have lower prices an increase in production and a lot more peace of mind

> No economic philosophy is ever translated directly into practice and the supply-side program was entangled with other policies and conflicting conditions Perhaps most important, it was accompanied by the Federal Reserve Board's policy (supported by the Administration) of keeping a tight rein on the money supply in an effort to control inflation in recent years the nation's most corrosive economic problem Says Wanniski. Reagan attempted to blend a supply-side fiscal policy with a demand-side monetary policy

United States

There was an internal contradiction' Gary Wenglowski the chief economist of Wall Street's Coldman, Sachs & Co-compares the combination of tax stimuli and tight monetary policy to trying to keep an automobile's speed moderate by pushing both the accelerator and the brake at the same time

Reagan's decision to seek tax increases as a way of cutting down the deficit is seen by both believers and critics as a willingness to back away from supplyside dogma. Savs. Democratic Congressman John Convers of Michigan It's the clearest refutation of supply-side economics that we'll ever get Io adherents, this forsaking of supply-side theology is a premature and unwarranted betrayal. This is not the same man we elected, says Laffer This tax package is obnoxious The villain says Laffer is David Stockman the lapsed supply-sider who as Reagan's Budget Director has emphasized the need to raise revenues. He's incompetent. My daughter understands what Stockman cannot comprehend Replies a senior member of Reagan's economic team. 'I don't think that supply-side theory says you should not raise revenue. It says that you should not penalize investment or production, and I don't think this bill does that

ome liberal economists hope that Reagan's support of a tax increase will end the supply-side fantasy for good. Waiting for supply-side economics to work is like leaving landing lights on for Amelia Larhart. says Walter Heller chairman of the Council of Economic Advisers under Lyndon Johnson. The supply-side tax cut scared business instead of reassuring business with a massive deficit that kept interest rates high

As Reagan departed last Friday for a two-week vacation in California he knew he would not have long to savor his taxbill triumph. The budget process for fiscal 1984 will start soon after he returns to Washington I here will be savings again next year' promises Treasury Secretary Donald Regan There will be another \$60 billion or so. The cuts that were politically easy- discretionary spending on programs like (LIA for example -have already been made Somehow far greater savings must be found if the Administration is ever to come close to controlling the deficit Can Social Security be touched, Answers Secretary Regan Some cuts will be in Social Security

The real test of whether Reagan can maneuver politically, forge true bipartisan agreements and be flexible in his thinking will come when he takes on the areas of the budget that he has heretofore left sacrosanct. The \$98.3 billion in increased revenue, even when added to the \$30 billion in spending cuts Congress passed last week, was only the first step in a difficult journey. — By Walter Isaacson. Reported by Pouglas Brew, Neil MacNell and Evan Thomas/Washington.

The Presidency/Hugh Sidey

Learning to Change His Mind

onths ago, in the first meeting on tax increases, Ronald Reagan sat at the Cabinet table and indifferently thumbed the folder that had been placed before him. He had the air of a man unconvinced, unenthusiastic and disengaged. He read the notes in front of him as if they were an unfamiliar script.

One of the participants in that meeting concluded as he watched the President that Reagan really carried a fundamental distrust of the figures being showered on him, showing huge deficits to come and continuing high interest rates "What's wrong with Wall Street" Reagan grumped more than once He felt that there was no reason for interest rates to stay so high. Not that long ago, his huge tax and budget cuts had been approved, and now he was waiting for the world to turn his way, as it does in the movies. But it was not happening

The men who counseled Reagan in that first session and later were more realistic. The economy was headed toward disaster unless deficits were trimmed



Poring over the suspect figures

Secretary of the Treasury Donald Regan watched the President's mood closely So did Robert Dole chairman of the Senate Finance Committee White House Chief of Staff James Baker, Senate Majority Leader Howard Baker and David Stockman Director of the Office of Management and Budget all saw the gathering storm and waited for the President to confront reality

It happened slowly In the next few meetings, as they talked about "tax reform" and closing loopholes as well as raising new money Reagan seemed to be walking on eggs. He kept looking for other ways to shrink the deficits. There were none that he would accept, such as delaying the tax cuts voted last year. The figures grew worse, and the secret polls brought around by Richard Wirthlin showed the public souring on Reagan's presidency.

Something began to change inside Reagan He was struggling to be President of all Americans, not just his hard-core conservative supporters. He was out in the center of history's surging stream where events—not dogma—dictate action for survival. For almost the first time, he seemed ready to move beyond old ideas, old cronies

About the middle of July, Reagan began to consider adopting the tax foundling that had been midwifed by Dole's committee As August approached, the President's commit-

ment to the plan began to grow Indeed, the program of "tax reform' became Reagan's program Then the President put all the political influence of the White House behind the effort 'If we are going to do it,' Reagan told his people, "let's do it right' This ability to act boldly at critical moments is what has gained Reagan such dramatic political victories in Washington

Passage of the tax measure is not going to dispel the crisis. By November there must be moves to cut the budget more, plug other tax loopholes, cut back defense spending and further restrain entitlement programs, especially Social Security. That challenge dwarfs this one

But if Reagan has grown bigger than supply-side economics, if he has grasped the meaning of presidential leadership and felt the exhibitantion of achieving rather than preaching, he is more likely to succeed in the challenges ahead

There is another hope held tenderly by some of Reagan's supporters and even a few of his adversaries. It is that he has also escaped his obsession with being consistent Reagan believes inconsistency discredited Jimmy Carter. That bit of history has some truth, but, as always, one bit is an imperfect guide for other times. Carter was perceived to change positions not for the nation's good but for his personal political fortunes. If Ronald Reagan understood what he said last week about acting for all Americans, it could be the most important declaration of his presidency. That is true consistency.



Watching the figures fly by at the New York Stock Exchange on its busiest day in history

Oh, What a Beautiful Rally!

In a frenzy of trading, Wall Street rewrites its record book

all Street brokers reported to work last week in a mildly upbeat mood. The Federal Reserve Board was showing signs of easing its tight-money policy. Interest rates were falling. At long last it seemed that stocks should look attractive to skittish investors. But no one was at all prepared for the events that crupted a torrent of trading volume and the swiftest most spectacular price surge in the history of the New York Stock Exchange.

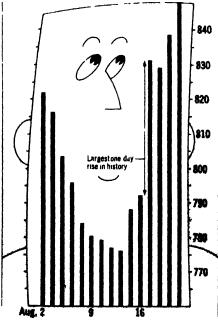
The Dow Jones industrial average scored its largest one-day and one-week trains on record finishing at 869.29, up 🔀 24 points in only five days. The market had its busiest day ever (132.69 million shares traded) and its second busiest ever (95.9 million shares). Before last weeks action daily volume this year had been averaging about 52.3 million shares. The week's total volume of 455 million shares shattered the old record of 329 million set in March. In fact, more shares were sold last week than in the entire year of 1953 Said Samuel Kachel a broker with Mertill Lynch, who was still answering his phone late on Friday 1 m tired as all hell. This was an exceptional week

Exuberant Administration officials saw the rally as a ringing vote of confidence in President Reagan's economic policies and particularly the tax-increase bill he pushed through Congress last week Said Treasury Secretary Donald Regan 'The market forces are beginning to believe our resolve in redirecting theeconomy Perhaps it took something like the tax bill to convince people that we re rious about fiscal responsibility. Many Wall Street analysts supported that view Said Robert Stovall, a senior vice president with the Dean Witter Reynolds brokerage house 'The market was a loaded gun just waiting for someone to touch the trigger President Reagan and the passage of the tax bill played an important role Some moneymen cited Reagan's apparent move away from the influence of supply-side economists who favor tax cuts and play down the impact of budget deficits. Said Donald Trott a market strategist for the A.G. Becker investment firm. Increasingly, people in the financial community feel that supply-side economics is voodoo economics. The determination with which the President pursued passage of his tax legislation has sent the message that he is turning to a more conventional policy.

While Reagan's efforts on the tax bill fueled the market surge the rally was initially ignited by declining interest rates and the stun-

RUNAWAY GROWTH

Dow Jones industrials, daily closing



THE Chart by High Holman

ning news that Wall Street's two most influential pessimists had changed their downbeat tune. The first hint that something extraordinary was about to unfold came on Monday morning The First Boston investment firm announced that Albert Womilower its chief economist had revised his economic forecast After warning for months that the huge federal budget deficit could send interest rates shooting back up again Wojnilower now admitted that the cost of money would probably continue to decline over the next year On Tuesday morning, rumors whilled through Wall Street that Henry Kaufman chief economist of the Salomon Bros investment house, had also changed his mind on interest rates. Word that these two gurus, known on the Street as Di Doom and Dr Gloom had reversed themselves electrified the stock exchange By 10 20 just 20 minutes after the market opened, the Dow Jones industrial average was up almost 5 points

Salomon Bros officials who had been besieged by telephone calls all morning, confirmed at 10.41 that Kaufinan was releasing a new forecast that predicted further declines in interest rates. By 11.10 the Dow was up almost 9 points, and the rush to buy was on Leading the charge were the scores of cash-laden institutional investors, including pension funds, incurance companies and banks, which snapped up stocks in blocks of 10,000 shares or more

ecause few portfolio managers were willing to risk missing a major market rally, a buying panic quickly built up. When the exchange finally closed at 4 pm, the Dow had risen by a record 38.81 points to 831.24 on a volume of 92.86 million shares. Exhausted but elated the traders cheered lustily tossed confetti into the air and kept the bar at the stock exchange restaurant open until 8 pm, an hour after its usual closing time. The one-day spurt eclipsed the old mark of 35.34 set on Nov. 1.1978 when President Carter announced his emergency program to boost the value of the dollar on foreign exchange markets.

The euphoria of Tuesday generated an even more intense trading frenzy on Wednesday morning. In the first hour, the Dow climbed 17.79 points on an incredible volume of 37 million shares, which was 54% higher than the previous one-hour record of 24.1 million. Suddenly, and almost as swiftly, the market swung the other way. Fearing that the rally was going too far and too fast nervous investors decided to sell and take their profits.

During the atternoon, the Dow lost all its gains and finished the day down 1 81. When the turmoil was over, the 132 69 million shares traded smashed the previous one-day mark of 92 88 million shares, which was set on Jan 7, 1981, after Investment-Adviser Joseph Granville issued his famous warning to "sell everything"

Thursday was another roller-coaster day In the morning the bulls routed the bears and sent the Dow up nearly 16

United States

points by 130 pm. Then rumors that New York City's Manufacturers Hanover Trust Co might suffer heavy losses on loans to the Mexican government, which is having serious financial difficulties helped drive the Dow down 14 points in the next hour. When the report was denied by the bank, the market staged another furious rally and the Dow ended the day up 914. After the passage of the tax bill on Thursday night, the market exploded again on Friday. The Dow roared ahead 30.72 points on a volume of 95.9 million shares, despite lingering doubts about the Mexican loan problem.

The excitement sparked predictions by some analysts that the rally would at last carry the Dow Jones average above its peak of 1051 70 which was reached in January 1973. Some heady traders were even talking about the start of a bull market of the 80s. Said Stan Weinstein editor of the *Professional Tape Reader* at market-advisory newsletter. This is the

real thing. The market will trend higher for at least the next two months, and at a minimum, the Dow will climb back to 1000.

Last week's periodic retreats in the market though, show that the current delinum is laced with doubt. Investors are nervous because they realize that the new optimism on interest rates grew out of pessimism about the general health of the U.S. economy. Both Kaufman and Wojnilower changed their forecasts because they could no longer foresee a robust economic recovery that would revive business-loan demand and boost the cost of money. Yet without a strong reversal of business fortunes the stock rally is likely to be short-lived Says Monte Gordon, chief of research for the Dreyfus Corp group of mutual funds. Markets can respond to interest rates coming down but they can mount a sustained upward move only when corporate earnings improve This is the food on which bull markets

feed Gordon believes that the Dow will rise only to about 900 in the next few months Richard McCabe a vice president with Merrill Lynch, is gloomiet, he predicts that the Dow will lose all its surge of last week and sink below 780 by fall

But next month or even next week hardly mattered to weary traders who were relishing the greatest five days in Wall Street history On a typical Friday afternoon in August almost all the brokers would have made a quick getaway for the weekend Last Finday evening though the bar of Harry's at Hanover Square a favorite Street hangout, was jammed with revelers Said William Le-Fevre market strategist for the Purcell Graham & Co investment firm 'We saw things in the market this week that we never thought would happen. It was a rally to remember and savor for a long time By Charles Alexander Reported by Sue Raffety and Frederick Ungeheuer/New York

Interest Rates Take a Dive

No financial topic has been the subject of more consternation during the past three years than interest rates. And no wonder. The cost of borrowing money, which affects virtually every area of the economy has been at the highest lev-

el since the Civil War Last week's frantic activity on Wall Street showed that professional investors believe that falling interest rates may drop even further There is much less agreement however, about their longer-range course

Over the past 20 months the key interest-rate measures have seemed to defy the best efforts of experts to guide their course or even to figure out where they are headed. The prime rate for instance the bench-mark borrowing rate for corporations, stood at 20% when President Reagan took office It declined for three months before reaching 17% in April 1981, then suddenly shot up to 20 5% just one month later only I point below the record 21 5% attained during the Carter Administration After that, the tate began to wobble around at a very high level. It eventually fell to 15 75% last December, but

then rose to 165% and stubbornly stayed there for five months until July

Now the prime rate and other key borrowing costs are falling steadily. In the past four weeks the prime has declined to 13.5%. The federal-funds rate, which is the interest that banks pay for borrowed money overnight, has plunged from 14.58% at the end of June to 9%.

The rates that most consumers pay have not fallen nearly as fast. During the past month, the mortgage rate in many areas slipped from 18% to 16%, but auto loans at most commercial banks are sticking close to 20%, and installment credit is still about 18% in most areas of the U.S. Some relief may be in sight, though, for consumers Irwin Kellner, an economist at New York's Manufacturers Hanover Trust.

says that by the end of 1982, auto loans may fall to 13% and mortgages may be down to 15%

The recent slide in the cost of borrowing money comes too late to help businessmen like Miles Schwart/ 58 who earlier this month liquidated his men's clothing store in Pittsfield Mass, the 1888 Shop because he did not believe that interest rates would ever significantly decline. Said he

'I probably could have stuck it out another five years or so but I knew that the ever higher interest rates would kill me" Paul Botos 32, an auto worker who has been laid off since January, said last week that he hopes lower interest rates mean that he will get called back to his job at a Chevrolet plant

Interest rates are falling now because the stagnant economy has depressed the borrowing demands of both consumers and businessmen That lack of demand in turn, has enabled the Federal Reserve to ease up on its tough control of the money supply without running the risk of fueling inflation again

While the latest news on interest rates is good, many experts doubt that the US economy will soon be returning to the halcyon days of 6% mortgages or an 8% prime When business starts to pick up, consumers and business

starts to pick up, consumers and businesses will begin borrowing more and rates could start creeping higher. Moreover, the Federal Reserve has stated that it intends to maintain a tight rein on the growth of credit in order to keep inflation under control. This is likely to keep the key interest tates in the 12% to 15% range for the next year.

Every turn in the economy produces both winners and losers, and the relative losers this time could be people with cash in the popular money-market funds. These have paid an average annual return of as high as 17% in the past twelve months. Since the funds make their money by investing in short-term Government securities and bank certificates of deposit they will no longer be able to pay out as much as they did before. The average money-market yield is already down to about 11 5% and is likely to drop still further.



We don t understand it yet, but when she pushes that lever, interest rates go up

An Artfully Vague Policy

ื่⊼≳าgan makes a China deal

During his campaign for the presidency, Ronald Reagan repeatedly protested that in pursuing a policy of rapprochement with Communist China, the US was callously selling out its old ally Taiwan He vowed that if elected he would reverse that trend and strengthen relations with the island republic. But last week Washington and Peking issued a joint communique that to Taiwan and to US conservatives at least read suspiciously like a sellout In Shanghai II (viewed as the direct historical descendant of the Feb 27 1972 Shanghai Comamunique signed by President Nixon), China affirmed as "fundamental policy" the quest for peaceful reunification of Taiwan with China For its part, the US declared its intention, for the first time ever, to reduce and possibly eventually halt aims sales to Taiwan

The Reagan Administration sought to soft-pedal Shanghai II as a document of diplomatic necessity rather than menace 'We have paid particular attention to the needs and interests of Taiwan said Reagan as his Administration formally announced only two days after Shanghai II was issued the sale of 60 F-5E fighters, worth some \$240 million to Taiper The laiwan government was not mollified by the sale. It has denounced the agreement as a 'contravention of the letter and spirit of the [1979] Taiwan Relations Act that pledged the US to supply Taiwan with weapons for its defense. And in the U.S., conservatives who regard support for Taiwan as an article of faith were voicing alarm It's one more little country we have doublecrossed lamented Arizona Republican Senator Barry Goldwater Declared North Carolina Republican Senator Jesse Helms, leader of the New Right "I can't imagine any foreign policy acts that will disappoint more friends of Ronald Reagan

Against this assault, the Administration maintained that the agreement hammered out after ten wearing months of negotiations was designed to maintain good relations with both Peking and Taipei Soon after Reagan took office, Administration insiders say, Peking began pressing Washington for a settlement on the thorny issue of continued US weapons sales to Taiwan When Peking began demanding a firm date for the US to halt selling arms to Taiwan, Washington countered by insisting that the Chinese formally renounce the use of force to achieve reunification with Taiwan, and the talks foundered But last May, after Chinese Communist Party Vice Chairman Deng Xiaoping completed a sweeping reorganization of China's top leadership, and US Vice President George Bush visited Peking with a calming letter from Reagan, tensions began to ease After one final blast in the People's



The U.S. promises to supply Taipei with 60 new F-5E fighter planes worth \$240 million A pledge to Peking to gradually reduce sales of arms leading to a "final resolution"

Daily in late July, the negotiating climate warmed. The result an artfully vague document that allows each nation to make interpretations suggesting it got the best of the new deal.

The communique's key paragraph states that the U.S. does not seek to carry out a long-term policy of arms sales to Taiwan, that its arms sales to Taiwan will not exceed either in qualitative or in quantitative terms, the level of those supplied in recent years and that it intends to reduce gradually its sales of aims to Taiwan, leading over a period of time to a final resolution. The Chinese interpret the 'qualitative and quantitative stipulation to mean that current US sales of weapons are the bench mark for tuture sales Administration officials insist that this language allows more advanced weapons to be sold to Taiwan if China upgrades its own armaments Similarly, while the Chinese insist "final resolution implies that the US will eventually cease arms shipments to Taiwan the Administration says the phrase refers to an overall solution to the reunification issue

By this reasoning, the Administration can claim that it has made no real concessions. Reagan's aides point out that the Chinese failed even to get the US to agree to consult with Peking before making future weapons sales to Taiwan, as they had previously demanded, much less to set a date for a complete arms cutoff to Taiwan. The Administration also insists that Peking's avowal of peaceful reunfication with Taiwan as fundamental policy was a significant win for the Administration. Said Presidential Counsellor Edwin Moese. "We got all of our objectives

I hat may be true, however discomfited Reag in s friends may be As the noted semanticist and conservative Republican Senator S I Hayakawa pointed out, more in admiration than frustration. The wonderful thing about language is its ability to mean whatever you want it to mean There are enough ambiguities in the agreement so that no one should be seriously offended. By Anastasia Toufexis. Reported by Douglas Brew and Johanna McGeary/Washington

President Reagan on the Line



Guess who just phoned, Rather tells viewers

ast week Ronald Reagan tried to reach out and touch someone Dan Rather

The President was alone in his White House study last Tuesday evening watching the 6 30 Baltimore telecast of the CBS Evening News when Anchorman Dan Rather introduced one segment of the network's coverage by saying, "Taken together. Mr Reagan has now reversed policy and infuriated conservative members of his own party on two scores first the tax increases, now China" With that, recalls one White House advis-

er, the President "went through the ceiling" He telephoned Aides Michael Deaver and James Baker to say he wanted to complain Their advice call Rather yourself. So Reagan did—just as CBS was beginning its second broadcast of the Evening News at 7 o'clock

Minutes later, on the air, Rather related the conversation to CBS's viewers Reagan was "concerned and upset" about coverage of the Taiwan story Said Rather; "Mr Reagan told me, 'There has been no retreat by me, no change whatsoever 'We will continue to arm Taiwan'." Later, Rather said he admired the President's courteous manner "He spoke his mind but didn't raise his voice Hope he won't hesitate to call again."

United States



Bordering on the unsolvable? Mexicans entering the U.S. via the Rio Grande near El Paso

Trying to Close the Barn Door

The Senate okays tough moves to curb illegal immigration

as a source of new blood and needed labor, has over the past decade become mostly a source of serious concern. Almost 1 million illegal aliens per year arc now pouring into the U.S. and their sheer numbers are both straining the capacity of local governments to care for them and in some cases threatening the jobs of some Americans who resent their presence What the U.S. must do, says Republican Senator John Last of North Carolina is to gain control of our own borders. To make a start, the Senate held 100 hours of committee hearings and last week approved by a vote of 81 to 18 the most comprehensive reform of U.S. immigration laws in 30 years

The Senate's approach to immigration reform accepts the fact that illegal aliens cannot be prevented from entering the country at remote border crossings The bill sponsored by Wyoming Republican Alan Simpson accordingly concentrates on slowing the flow by the new device of holding employers accountable for hiring 'undocumented workers I or the first time businessmen would face tines (up to \$2 000 per illegal employee) and imprisonment (up to six months). As the bill stands, employers with four or more workers would be held responsible for checking and keeping a record of a prospective employee's documents (a US passport, for instance of a Social Security card) to determine his legal status

As for the illegal aliens themselves, the Senate offers as much carrot as stick. The bill proposes amnesty for the 6 million or so illegal aliens who are already in the U.S. I hose who have been here since January 1977 will be immediately eligible for permanent resident status, those here since January 1980 will be accorded tem-

porary resident status with the prospect of permanent status after three years. Neither group could collect most federal benefits for several years, the bill also proposes block grants for the states to help defray the costs of absorbing those who are granted amnesty.

Other categories of new arrivals will not fare as well. While the rules governing migrant, workers have been relaxed slightly to allow more of these laborers into the country for seasonal work aliens seeking to prove in the courts their right to refugee or other legal status will no longer be able to use certain measures like class action suits to do so. Other provisions may have the effect of reducing even legal immigration, which totaled some 425 000 people last year. Brothers and sisters of U.S. citizens have been struck from the list of immigrants granted first priority for instance.

The overall goal of curtailing immigration won heavy support from Senators of both parties but also brought together an unusual coalition of seven Democrats and eleven Republicans in opposition Massachusetts Senator Edward Kennedy expressed concern that we are closing our doors to many who should be welcomed Civil rights groups and Senate liberals thought that employers would use the sanctions as an excuse to hire fewer Hispanics and other minorities Consejvatives such as Jesse Helms of North Caiolina and John Tower of Texas joined the US Chamber of Commerce in arguing that the sanctions would impose an unfair burden on farmers and small businessmen For all of these reasons and simply because the Simpson approach is so comprehensive, there is likely to be heated wrangling when the House takes up its companion version next month

Murderer's Row

Shooting spree in Miami

man wearing a straw hat strolled through the back door of Bob Moore's Welding & Machine Service, Inc., a two-story shop in northwest Miami opened fire with a shotgun and killed eight workers and wounded three others. Then he calmly walked out the back door and, slinging his gun over his shoulder climbed onto his bicycle and pedaled away. He did not get far Investigators later found the gunman sprawled dead a few blocks away, his straw hat at his feet and his bike leaning haphazardly against a utility pole. Police identified the killer as Carl Brown, 51 a onetime high school teacher.

The police said two angry bystanders jumped into a cat, gave chase and rammed into Brown. I hey will not be charged with any crime police later learned that Brown had been shot before being run down and died from the bullet wound. Apparently Brown had become upset over a \$20 bill he had received from the garage for repairs on a lawnmower engine.

Plea No Bargain

Gamble of a lifetime

Larry Seigler on trial in Richmond for robbery and murder was sitting in a courthouse jail cell one afternoon last week awaiting the jury's verdict. Charged with robbing a local insurance salesman last. December, and then slashing his throat. Seigler, 30, had pleaded not guilty.

The jurors had begun deliberating around 3 in the afternoon, and it was now around 6 30 pm. Prosecutor Warren Von Schuch was worried. As he later put it. The longer a juryl panel is out the worse shape we're in. And so he proposed a deal to Seigler's attorneys their crient would plead guilty to first-degree murder and robbery and receive a 60-year prison term with 20 years suspended.

Perhaps Seigler already convicted three times for robbery, calculated that if he was convicted for capital murder, he might be sent to the electric chair like Frank Coppola, a fellow Virginian executed two weeks ago At 7 25 pm, Seigler ushered into the courtroom of Judge William E Spain accepted the deal The jury, which had sent word of a verdict, was kept waiting while Spain approved the new plea After Seigler was led away the judge invited the jury into the room and informed them of the guilty plea. One juror slumped in a chair, while several others just moaned What was the matter? The jurors had already reached a verdict not guilty

Seigler must serve his sentence and will not be eligible for parole for twelve years Said Defense Attorney John Dodson 'I can't tell you how badly he feels "

A Tale of Two Cities

Both Boston, where it's the best of times and the worst of times

i... streets of its rich residential Theart Back Bay and Beacon Hill, are shady and civilized block after block of stately 19th century town houses. The symphony and principal museum are among the world's best. Fine colleges help make the city an enormous intellectual hot tub at once invigorating and smug Now Boston's boosters can brag about more than old-shoe gentility over the past decade a decrepit waterfront district has been intelligently transformed into a swank commercial and residential quarter whose centerpiece the Bancuil Hall-Quincy Market Showplace draws natives and tourists by the millions. At the other and of downtown, \$400 million is Ingentrifying Jamaica Plain, an arson-gutted office building velopment which will include hotels, shops and convention facilities

But while some high-profile parts of the city are burgeoning a lot of the rest is coming apair at the seams. A record-setting rampage of arson has beset Boston this summer especially in its poor neighborhoods. The fires could not have come at a worse time 469 of the city 5 2 039 fire fighters (and 1 941 other municipal workers) have been laid off during a two-year fiscal crisis. Racism is singularly virulent and regularly violent. After eight years of court-ordered busing the proportion of whites enrolled in the city's public schools was dropped from 57% to 32% Shrewd, percurial Kevin White 52 mayor for the past 15 years, loves to say that Boston is the livable city. But one thoughtful police force veteran says. The poor neighborhoods are being forgotten. What city hall sees is downtown period

During the past tive years, tens of thousands of new jobs were created in Boston apparently most have gone to engineers lawyers computer technicians, managers and other upwardly mobile residents. The same sleek 'gentry' have taken apartments and houses in once declasse areas displacing poor and working-class Bostonians. In Jamaica Plain, one of the city's most integrated neighborhoods (53% white 25% Hispanic), the influx of moneyed young professionals since 1979 has quintupled the price of some houses and pushed up rents as much as 70% MIT Urban Studies Assistant Professor Yohel Camayd-Freixas claims that more than a quarter of the area's Hispanic residents have thus been forced out Resi-Ints of other traditionally ethnic neighborhoods, notably the South End (60%) nonwhite) the North End and East Boston (Italian), worry about the same creeping dislocation. To Mayor White, however, it is unambiguously a good thing that richer professional people are moving in, buying condos Most neighborhoods are whipped right now



going into the big Copley Place de- Firebugs run amuck vacial assaults and festering poverty

If ballooning housing costs do not drive out longtime residents the arson epidemic may. Almost two buildings are being torched a night on average and one in five Boston fires is set deliberately twice the 1979 rate. Since June 11, when 101 tires were reported in twelve hours arsonists have caused \$5 million in damage Jim Coakley is one of 16 firemen on a special roving arson squad that includes police and federal agents. It could be anything, he says Profit, vandalism, imitation Some of it is because kids decide to set a fire and get some excitement.

It is youths who carry out most of the racial attacks. An incident two weeks ago was all too typical. Delvine Okereke, 32. a. black city planner was driving through white middle-class West Roxbury When she asked some white youngsters for directions they threatened to kill her if she moved into the neighborhood. They then painted racist graffiti on the house where Okereke was headed Last week a judge issued an extraordinary injunction to curb one squad of racist punks in the Hyde Park section. The eight white men, ages 18

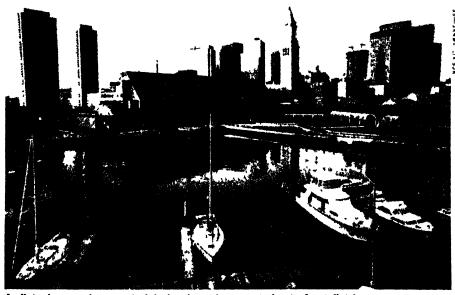
to 24, have for several years terrorized the few neighborhood blacks, taunting and menacing them and vandalizing their cars. The gang members now face immediate jailing if caught at such hooliganism again or if they even gather near the black families' homes

> According to City Councilman Ray Flynn a South Boston native, class discrimination is far greater than racial discrimination. In fact, white South Boston and black Roxbury are almost identically impoverished with median household incomes of \$7300 and \$7,500 respectively (For the Back Bay-Beacon Hill area the figure is \$16,000) 'One neighborhood thinks the other is getting a larger piece of the pie 'Hlynn says 'In reality, nobody is getting any pie. The upshot is great frustration and ani-

mosity 'He and Camayd-I reixas agree that none of Boston's poor-white, black and Hispanic- are fairly sharing in the prosperity of downtown redevelopment

A recent study by Brookings Institution in Washington DC found Boston to be among the nine US cities most seriously in decline * Brookings cited Boston's crime and unemployment, decaying housing stock, entrenched poverty and mounting municipal debt "Nevertheless" the report said 'many people consider Boston a very attractive city with excellent cultural educational and environmental amenities. But for neighborhoods full of less blessed Bostonians angry or hopeless or both, those Athenian amenities are merely reminders of their own distress - By Kurt Andersen. Reported by Joelle Attinger/Boston

The others are Cambridge Mass. Cleveland Day ton Haitford Las Vegas and three New Jersey cit ics Jersey City Paterson and Trenton



A glistening new dawn: part of the handsomely renovated waterfront district

Uncle Sam Convicts No. 1

Trials begin for men refusing to register for the draft

E arly in the day in Roanoke Va 150 people sang hymns and prayed under the American flag outside the federal courthouse. Then most filed inside to support their new-found hero. Enten Eller 20, the first man to be tried for violating the 1980 draft-registration regulations Eller, a member of the pacifist Church of the Brethren, offered no formal defense during the 3½-hour trial last week God called me not to register,' he explained to District Court Judge James Turk

Eller's stand won Turk's respect but not the case. After calling the defendant 'an honorable person,' Turk sentenced him to three years on probation and 250

their 18th birthday and provide name, addiess, telephone number birth date and Social Security number Registrants still have the right, if there is an actual draft, to claim then that they are conscientious objectors So far 8.4 million men 92% of those covered have registered

That leaves 674,000 who have not The Justice Department is the first to admit that it is not likely to try all of them Our objective, Selective Service System Director Thomas Turnage told a House subcommittee last March 'is not to prosecute or to incarcerate but to get them to register Barry Lynn the antiregistration president of Draft Action maintains that hours of community service. The judge | the Government's goal is really to silence



Eller and his girlfriend outside the federal courthouse in Roanoke just before his trial Heeding God's call won him the judge's respect but not the case

ruled that if he did not register within 90 days he could face stiffer punishment up to the laws maximum of a \$10 000 fine and five years in prison. Back outside Eller stood firm Registering now he told reporters, would make a farce out of what I did before

So began a series of trials that federal officials hope will strike the fear of Uncle Sam into young men who have failed to register. The drama in Roanoke can be traced to the aftermath of the Soviet invasion of Afghanistan when President Jimmy Carter persuaded Congress to fund a registration system so that any subsequent draft could produce an army quickly Candidate Ronald Reagan said he opposed the system, but once in office retained it on the grounds of "national safety" Under the law males must report to a post office within 30 days before or after

religious and political dissenters against conscription a tactic used in the Soviet Union routinely "Whatever the aim the first targets were 160 men who like Eller wrote the Government to announce their refusal to register or who were turned in by disapproving neighbors. The Justice Department decided to move against the 70 on the list who were 'most adamant" about not complying By last week, five had been indicted Said David Wayte 21, who goes to trial in Los Angeles next month I was surprised it went that far

While the Justice Department was presenting its case against Eller and preparing for the probable next trial, in San Diego, of Benjamin Sasway 21, mailmen were delivering warning letters to another 33,000 non-registrants For now, the warnings are going only to those who will be 20 next year and would therefore be the first men called under stand-by draft laws The letters signed by Director Turnage, were mailed from the IRS, which checked its records against those of Selective Service and informed those not registered that the IRS might be required to report their names and addresses The Justice Department plans to hand names on to local US Attorneys, and FBI agents would then try to see each man individually But even after an indictment, no prosecution is likely if the defendant finally agrees to register, a policy that may undercut the enforcement campaign

For those who do face trial, there are a number of possible legal defenses Eller offered only his conscience as a response to the charges, but lawyers for Sasway, for example, are arguing that he is a victim of \ selective prosecution 'a point the trial judge rejected at a hearing last week Wayte says he will try any tactic to beat the tegistration law Unlike Eller he explains, I'm objecting on political grounds. We do want to set a precedent Suppose he does not- what then' The idea of jail terrifies me, but if I have to go I guess I'll accept it

Racist's Victory

The Jordan case is closed

oseph Paul Franklin, 32, rarely has much to smile about The self-proclaimed racist lives in virtual solitary confinement at the federal penitentiary in Marion III, serving life terms for the 1980 slaying of two black joggers in Salt Lake City Earlier this year, he says he was stabbed 15 times by six black prisoners But last week in a federal courtroom in South Bend Ind, Franklin smiled at jurors and flashed a V-for-victory sign They had just found him not guilty of violating the civil rights of former National Urban League President Vernon Jordan, who was wounded by rifle shots two years ago outside a Fort Wayne, Ind hotel

State prosecutors were hesitant about charging him with attempted murder based on the evidence they had Justice Department lawyers however, thought the evidence was there for a civil rights criminal case. They relied heavily on three of Franklin's jailmates, who testified that he had boasted about the shooting But because it was a civil rights case, the jury had to be convinced not only that Franklin, who is blind in one eye, was the gunman but that he had shot Jordan because he was black Now both federal and state prosecutors consider the case effectively closed Apparently they believe that Franklm did it, even if that cannot be proved to a jury Despite last week's outcome, the former American Nazi has not seen his last courtroom He still faces trial for four murders in Indianapolis and Oklahoma City

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People



O'Keeffe cozying up to the result of her new interest in an old art form

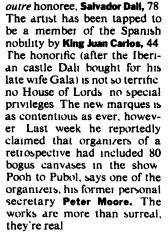
A newly dignified Dali

As clean and fresh as a magenta night sky, Georgia O'Keeffe's canvases have long evoked both the energy and the purity of her adopted American R Southwest And now, at the age of 94, O'Keeffe has turned anew to a medium she all but abandoned in 1917 sculpture Apparently inspired by her assistant and acolyte, Juan Hamilton, 36, O'Keeffe finally completed Abstraction, an 11-ft spiral of painted cast aluminum Now on display in a sculpture show at the San Francisco Museum of Modern Art, her first major work as a sculptor gives her further claim to the title of doyenne of American art

Another title, the Marques for the surreal image of its

de Pubol has the perfect ring





Only when he was safely atop the Silverthorn Ice Corridor of 11 452-ft Mount Athabasca in Alberta could Canadian Prime Minister Pierre Trudeau, 62 finally take a breather during his vacation He has been on a two-week cross-country trip in a private railway car, and from the start in Vancouver the Prime Minister was met at virtually every stop along the way by picketers protesters and assorted Trudeauphobes, who screamed obscenities and lustily pelted his railway car with eggs and tomatoes Particularly annoyed by out-of-work demonstrators at Salmon Arm BC, Trudeau responded before TV cameras with a monodigital gesture that prompted one observer to note "Let it never be said that the Prime Minister refused to lift a finger on behalf of the unemployed



Trudeau seizing the high ground

Luke I have taught you many things, my boy Don't tell shaggy Wookie stories for one thing Also, always be on the lookout for a hot book property While you were off chasing Princess I eta, Rusty Miller, 12, a junior high school student in Satellite Beach I la. came up with The Iedi Master s Quizbook a compilation of 425 intergalactic questions that will have Yoda himself scratching his noggin After seeing Star Wars five times and The Empire Strikes Back six young Master Rusty spent three months compiling his collection, which his mother typed up George Lucas, 38 the father of us all approved the project and that means the Force will be with it upon publication in November How many legs does a Probot have? Four-but even I, Obi-Wan Kenobi had to run the films through my Betamax for that one As to the others, Luke, you must search out the answers for yourself

-By E. Gravdon Carter



Donald Roberts of the U.S. Customs Service displays more than \$200,000 worth of advanced electronic equipment that was selzed in Los Angeles

Economy & Business

Corporate Cloak and Dagger

New efforts are under way to stop an epidemic of industrial espionage

lbert Franz Kessler, 39 a well-to-do Swiss citizen with business interests in Southern California was among the passengers boarding the London-bound Trans World Arrlines jetliner in Tos Angeles last May 28 Wearing crisply pressed slacks and a sports shirt Kessler was looking forward to a relaxing flight as he waited in line to board his plane. But suddenly he spotted two US customs agents at the door of the Boeing 747. All at once nervous he tried to back away from the entrance to the plane.

Too late. The men rushed forward and arrested him. The charge conspiring to export advanced electronic defense gear illegally. Inside two Samsonite suitcases that Kessler had checked, agents found more than \$200,000 worth of radar and communications testing equipment made by Hughes Aircraft Corp. Last week Kessler and two accused accomplices went on trial in Los Angeles Kessler wearing a rumpled suit this time was handcuffed as he entered the federal courtroom. He and Dierk Hagemann of West Germany and Robert Lambert, a California export consultant sat silently



Accused high-tech smuggler Albert Kessler
A crucial case in the war on stolen secrets

while their lawyers questioned prospective jurors. The products confiscated at the airport were now in cartons stacked next to the jury box. The intended destination of the goods remains unknown but officials believe that it was the Sevieu Union. Said Donald Roberts. Customs Service assistant regional director before the trial, which is expected to last several weeks. This is an extremely important case for us.

Industrial espionage is hardly a new phenomenon Since earliest times, in fact it has been a source of fear and the cause of extraordinary precautions. The ancient Chinese were so eager to preserve the secret of silkmaking that they prescribed death by torture for revealing it to outsiders. In 1790 Samuel Slater evaded English laws against exporting textile manufacturing plans by memorizing the layout of a mill to build the first cotton-yain factory in America.

Today however, many companies and countries pursue corporate secrets like sharks in a frenzy at feeding time. As Japan the Soviet Union and Western countries vie with ever increasing intensity for

industrial power the pressure to save years of research time and expense by stealing know-how has created an industrial espionage epidemic In West Germany where has been a way of life since the onset of the cold war, last year for the first ume there were more known cases of business spying than of political espionage. In the US thefts of secrets ranging from technological breakthroughs to mailing lists now cost American firms up to \$20 billion annually according to August Bequai a Washington lawyer and leading security expert Says he Little companies steal from big companies. Big companies steal from little companies. Everybody steals from everybody

he Reagan Administration and some private experts now view Soviet and Eastern bloc industrial pries as alarming threats, particularly so California the nerve center of US detense aerospace and electronics research Intelligence sources estimate that more than 30 of the 52 diplomats in the San Francisco Soviet consulate are members of the KGB the Soviet espionage agency Says Schator William Roth of Delaware There is no doubt that the Soviets have undertaken a massive well-financed expertly coordinated program to systematically acquire as much of our high technology as they can steal purchase through middlemen or otherwise appropriate Declares Los Angeles IBI Chief Richard Bictzing We've been losing some highly classified secrets

The leaks flow through known but hard-to-plug channels. Highly paid operatives may buy equipment from unwitting U.S. firms and ship it to Communist countries through foreign shell companies. Or thieves with no direct interest in espionage may steal advanced electronic gear from manufacturers and sell it to underground dealers in Southern California. They in turn offer it to all comers with no questions asked. In one ingenious act of deception. Soviet engineers touring an aircraft plant reportedly wore sticky shocs that picked up metal filings that could later be analyzed.

The Reagan Administration this year has pumped an additional \$8 million into the Customs Service to help shut off the illegal flow of technology aproad. The program called Operation Exodus relies heavily on tips from manufacturers and shippers to stop unlicensed exports from leaving the country. The effort has so far netted 573 seizures valued at some \$45 million and led to the arrest of Kessler US Customs has been proudly touting this record Says Commissioner William von Raab Individual seizures 🌬 en t that important in themselves. But they re a measure of what I call the screwem-up factor and right now we're really screwing them up. The FBI, the CIA and the Commerce and Defense departments are also increasing their efforts to combat industrial spying

Although public attention has recently been on the Japanese the Soviets are the main focus of Operation Exodus and other campaigns. Insiders say that what the press had dubbed the Japan-scam sting operation was really a trap laid for Communist agents. In that case, the FBI arrested employees of Hitachi I to and Mitsubishi Electric Corp and charged them with conspiring to transport stolen IBM computer secrets from California's Silicon Valley, near San Francisco, to Japan.

The fact that Japanese businessmen were snared, though did not surprise some US counterintelligence officers who say that the Japanese are almost as active as the Soviets Typerts report that the Japanese and other Asians are scouring American high-technology centers in California and Massachusetts in search of industrial secrets. Says one informed observer. They ie very aggressive. They know how to use whatever they get and take it one step further. The flood of

cheap copies of Apple computers now pouring out of Hong Kong and Taiwan helps to fuel this view

Industrial espionage would remain a major problem for U.S. firms even without the presence of foreign spies. Reason American companies are stealing from each other John Sheat president of Technology Analysis Group Inc. Indicts all of Silicon Valley in the practice. Says he

Its a very entrepreneurial society here Trafficking in trade secrets is just a way of life and has been for the past dozen years. Belden Menkus a top security consultant with offices in New Jersey, ofters an even more sweeping assessment Savs he. If you were to prosecute all companies doing industrial espionage, you would have to put most of the Lortune 500 into jail.

Many large firms are reluctant to acknowledge the theft of secrets for fear of compounding the damage. Most execu-

For the Executive James Bond

ears about the security of corporate secrets have created a leady market for novel mechanisms designed to foil industrial espionage kidnapings or other such capers. Perhaps the most advanced product currently available is an attache case whose electionic gear rivals that found in an AWACS plane. Known as the Secret Connection Briefcase, it weighs 22 lbs. fully loaded and costs \$26,000.

This standard-size carrier bristles with surveillance devices, many of which are disguised as everyday items that can make paranoid executives feel as invulnerable as a Fort Knox guard. A cigarette pack in the case lights up to warn that a tape recorder is present. An ordinary pen illuminates when a "bug" is located near by A supersensitive sniffer detects hidden bombs.

The Secret Connection Briefcase also has offensive capability. A businessman has at his fingertips a flashlight designed to blind evildoers for up to four hours with an intense beam of light, as well as a wireless telephone with a built-in sciambler. A handy voice-stress analyzer will reveal whether or not the person being called is telling the truth.

The briefcase can even be used as a shield lts tough synthetic fabric will withstand a 357 magnum bullet. To stymie any attempts to steal all this James

Bond gadgetry there is also an alarm that will sound six seconds after the case is ripped from the owner's grasp

The security equipment is the product of CCS Communication Control Inc. a New York City company. The firm which has been advertising the product in the *Wall Street Journal* and other national business publications since January claims to have sold a few dozen of them so far Says Vice President Carmine. Pellosic. 'Executives come in when they're about to meet with people they don't know, especially in merger situations when valuable information is being exchanged.'

One CCS official has some unusual qualifications for the field. Ben Jamil the company president, was indicted in 1966 for wiretapping, though the indictment was dismissed after the trial ended in a hung jury. According to a report of a New York State crime committee, he has had business dealings with organized crime and with a major operator of illegal massage parlors. Currently Jamil is under federal indictment in Brooklyn for illegally selling surveillance equipment to Syria and Yugoslavia.



The \$26,000 security briefcase

tives would rather bury the losses in earnings statements than admit that they've lost the family jewels." says New Jersey Consultant Menkus Businessmen are also hesitant to sue because court cases can both reveal important details of the stolen material and provide an inside look at a company's security system

Such corporate safeguards are often shockingly lax, particularly when the transmission of computer data is involved Many firms now routinely bounce this information off satellites instead of sending it over telephone lines. But satellite transmissions are easier to intercept Companies often fail to take elementary precautions even when they use phone lines. Bank of America transfers about \$20 billion by wire every day, for example, without making much use of either scrambling or encryption techniques for protection. The largest U.S. bank relies instead on its own security procedures.

from carrying ideas and information in his head, companies can do little to stop the flow of facts. Their only legal recourse is a requirement that workers sign nondisclosure statements backed up by the threat of court actions if the agreements are violated.

Damaging information can leak out of any part of a company from the mailroom to the executive suite. The motive for some informants is money, while for others it may be a desire for revenge. That former vice president can really zap you," says Industrial Espionage Expert Bequai Computer programmers are particularly rich sources of secrets because they handle massive amounts of data Salesmen also spread tidbits as they make their rounds, gossiping and exchanging news

Many high-technology firms steal seciets without even bothering to hire away another company's employees They sim-

Rolm Corp. of California uses an electronic control room to monitor its security network

The boom in corporate spying has triggered an exploding market for protection systems

What is perhaps the most popular form of industrial spying happens to be totally legal Companies now make extensive use of the Freedom of Information Act to keep abreast of one another Although the law was created in 1966 to help the press get access to public records, it is mainly used by corporations to find out what the competition and the Government are doing The Food and Drug Administration, for example reports that up to 85% of the requests for information come from other businesses. In one case a report supplied by the agency under the act revealed details of an exclusive filtration process to a rival manufacturer Congress is now considering a bill to tighten the measure by allowing firms to challenge disclosures more easily

Many other acts of corporate espionage fall within a legal twilight zone Employees who migrate from one firm to another for example, are a major source of leaks But since no law prevents a person

ply use the prospect of a job to pump information from eager applicants during interviews That technique has long been in wide use among the 1 300 or so hightech firms packed together in 250-sq -mi Silicon Valley William H Bell a convicted spy who sold military secrets to a Polish agent, described the approach to a congressional committee in May Said he Within the avionics industry, it is a common practice for all companies to obtain secrets of their competitors by the same techniques that the agent used with me Considerable benefits are dangled in front of the engineer in terms of increased earnings and a better position. He is asked to produce samples of his work, without regard to its security classification Sometimes he is hired More often he is not '

The financial rewards of espionage have created some strange and frightening partners. Among those attracted to high-technology centers have been professional criminals who resort to blackmail, bribery and the use of sex to obtain equipment and proprietary information. Dave Roberts, a known criminal and narcotics user, was to testify last October in a trial arising from the theft of \$100,000 worth of integrated electronic circuits in Santa Clara, Calif The defendant was ultimately convicted, but without Roberts' help One month before the trial, he was murdered execution style and dumped in a shallow grave in the nearby Santa Cruz Mountains

The boom in corporate espionage has triggered a corresponding explosion in the business of guarding secrets. Revenues of security consulting firms topped an estimated \$200 million in 1981 and should double that amount this year. New shops are springing up across the land-scape, and Burns International Pinkerton's and other traditional protection companies are rapidly expanding. The Washington-based American Society for Industrial Security now has more than 18,000 members.

he mushrooming firms offer a bewildering variety of services (see box) Some merely sweep for electronic bugs and telephone taps several times a year Others conduct prehiring investigations, give lie-detector tests place undercover agents on assembly lines and even scrutinize potential customers

Security-minded companies have added their own panoply of defensive measures. Many high-technology firms have installed electronic gear that rivals their own products in sophistication. Ultrasonic motion detectors emit high-frequency sound waves that can instantly sense intruders. Invisible infrared beams of light set off alarms as they are broken. Rolm Corp. a Silicon Valley computer manufacturer uses an electronic control room to monitor its extensive protection system.

No surveillance equipment is foolproof however, because miniaturized state-of-the-art components can easily be dropped into a pocket or hidden inside a coat lining Says Robert McDiarmid, a former sheriff's lieutenant and now a partner in a California security firm "I don't give a damn how good your system is, or how sophisticated your hardware Generally speaking, when the system fails, it s a people failure 'The best way to solve that problem may be the one used by companies like IBM and Apple Computer, which strive to keep their employees loyal by treating them fairly and warning them constantly about the importance of corporate security

Industrial espionage can be tamed a bit, but it will probably never be entirely subdued Competition will always lead some companies or countries to try it, and a few dishonest employees will undoubtedly always be found But both the Government and a growing number of firms now seem determined to keep spying to a minimum —By John Greenwald. Reported by Jay Branegan/Washington and Benjamin W. Cate/Los Angeles

Economy & Business

A Gem That Lost Its Luster

The precious stone looks better in a ring than on a balance sheet

TIME Chart by Nige! Holme-

The official opening two weeks ago of the Jwaneng diamond mine in Botswana, near the southern tip of Africa should have been an occasion for celebration After all, Harry Oppenheimer 73 the chairman of De Beers the cartel that controls the production and sale of most of the world's diamonds has called the site the most important primary deposit found anywhere in the world since the discovery at Kimberley more than a century ago. The rich ore of the Jwaneng mine is

expected to produce 3 million carats of precious stones in 1982 and eventually 4.5 million carats innually nearly one-quarter of De Beers total output

This year, however many of the diamonds laboriously extracted from the and Botswana earth will not be sold. They will instead be added to the growing De Beers stockpile of gems. The reason is that there is a worldwide glut of the precious gems The vaults of diamond wholesalers are overflowing with rough as well as cut and polished stones and the market for investment-grade diamonds has virtually collapsed. A rare onecarat D-flawless-grade stone that brought \$62,000 at the peak of the market in 1980 is now worth only \$15 000 or less

the Central Selling Organization saw profits tumble 46% in 1981 and Oppenheimer says that an upturn is not yet in sight

In an effort to put some sparkle back into the diamond industry, De Beers has launched

a heavy, worldwide advertising campaign Even before the famous slogan A diamond is forever, was coined in 1948. ads linking the polished stones with romance and marriage were routinely used to boost sales Through publicity in Japanese magazines, for example De Beers has helped create a market for diamonds where none had existed for 1 500 years As Edward Jay Epstein points out in his book The Rise and Full of Diamonds the Shattering of a Brilliant Illusion which was published last May the percentage of Japanese brides with diamond engagement rings has increased from less than 5'c to 60'c in just 13 years

In the US this year De Beers will spend \$26 million on advertising up 75% from 1980. The budget for television commercials alone has quadrupled to \$10 million. To spursales of larger more profitable stones a new slogan has been created. A diamond of a carat or more is only one in a

million. For less affluent buyers. De Beers is urging American parents to give their teen-age daughters small heart-shaped dramond jewelry for those special occasions as only a parent can

While the price of diamond jewelry has remained relatively stable the market for investment diamonds has collapsed because of speculation run amuck. In the late 1970s, dealers in Tel Aviv one of the world's diamond-cutting centers began buying bushels of stones on credit after the

DIAMONDS WERE A GIRL'S BEST FRIEND
Average price of a one-carat D-flawless

\$60,000
\$50,000
\$520,000
\$20,000

government subsidized interest rates at 6°? At the same time global inflation was causing investors to dump paper assets like currency and stock and buy tangible goods particularly gold real estate and gems. The cost of an investment-grade D-flawless diamond which had risen from \$1.250 in 1967 to \$7.000 in 1976 suddenly soared. By early 1980, the price had reached an unsustainable \$62.000.

A sinvestors clamored for more stones companies spring up to meet the demand. Ignoring business practices that were transplanted from Europe a century ago young salesmen began marketing the gems as investments, not jewelry. Some of the new firms used hard-sell boiler-room techniques. Customers buying a stone were given a certificate that theoretically verified its worth by attesting to its color and brilliance. The largest firm in the field was International Diamond.

which in its six years of existence sold 250,000 stones IDC buyers received a promise that the firm would help resell the stones and were told that no customer had ever lost any money this way

Diamonds turned out to be a poor investment largely because they are hard to sell. Experts commonly disagree about the exact characteristics of a given stone which means that price quotations can vary widely. Moreover there is no ready resale market for diamonds. After buying stones at retail, individuals usually find that they can be sold back to jewelers and diamond dealers only at the wholesale price, which is normally 50° c—or even

less than 50° c—of retail Says William Goldberg president of the Diamond Dealers Club the leading US diamond traders association Diamonds are like real estate My home is a terrific in-

vestment until I go to sell it Then I may have to drop the price and give the buyer a second mortgage

As with other hard assets and collectibles, the end to the diamond-speculation boom began in 1980 when inflation started to level off and interest rates shot up. That made investments like money-market funds more valuable and diamonds gold and other hard assets less attractive Despite its sharp price increase last week gold is selling for only about \$380 per oz well below its January 1980 peak of \$850. A portfolio of U.S. coins is now worth 15% less than it was a year ago

International Diamond Corp filed for reorganization under the Bankruptcy Act last Lebruary, after reselling only \$30 million worth of stones for

its customers. The Federal Trade Commission has accused the firm of improperly claiming that it was selling diamonds at wholesale prices and falsely portraying them as risk free investments. One of the company's founders. Bernhard Dohrmann and about 100 ex-salespeople have joined a new company called Diamond Resource International.

Source The Diamond Registry

I ven though the investment market for diamonds has soured the stones appear to be just as popular as ever American sales of diamond jewelry increased by 7% last year to \$5.5 billion. Among the most successful items are diamond stud carrings for young girls which cost an average of \$100 a pair. Americans seem to believe that a diamond is still a desirable piece of jewelry even if it has not been a very good investment. Taylor III.

Reported by Peter Hawthorne/Johannesburg and Jack E. White/New York

IME AUGUST 30 1982

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Cash Clash

Interstate banking on the move

expressed by courts and regulators that savings banks don't compete with commercial banks can only be described as bizarre Thus said Citicorp Chairman Walter Wriston two years ago at a convention of bankers in Boca Raton Flawhen he lashed out at regulations that forbid a bank from doing commercial business in another state. But despite those rules. New York's Citicorp has forged ahead in its ambitious plans to begin tapping the \$833 billion pool of consumer deposits held by American savings and loan institutions Citicorp the second largest US bank holding company tassets \$120 f billion) has undertaken a drive for out of-state dollars by establishing 120 person to person financial centers in 28 other states, 853 regional offices and a national network of interstate credit card and real estate financing

Last week Citicorp's pursuit of consumer cash paid its biggest dividend so far After a four-month campaign that indirectly pitted it against the only larger U.S. financial institution. San Francisco's Bank America Corp (assets \$121.5 billion) the Federal Home Loan Bank Board approved Citicorp's bid to buy the troubled Fidelity Savings & Loan Association of San Francisco. If upheld by the Federal Reserve Board as expected the takeover would mark the first time federal regulators have allowed a bank holding company to cross both state and industry lines to buy a thrift operation. This would be a major breach in the rapidly falling wall that now blocks interstate banking

Citicorp's attempt to gain a foothold on Bank America's turf dates back to early 1980 when a tentative deal to buy Fidelity for \$200 million fell through because of opposition from federal and state regulators. After the failing thrift was seized last April 13 by the Lederal Savings and Loan Insurance Corp however it was rechartered as a federal mutual association when the Government had a more favorable attitude toward interstate takeovers Iwo days after the science the ISLIC held a bidding conference that attracted 32 hnancial institutions, and a month later Citicorp's bid was declared to be the highest Under pressure from California S and I's and California Senator Alan Cranston the Federal Home Loan Bank Board announced a second round of bidding on June 17 Despite Bank America's offer to back financially a California-only merger the board announced that the highest bid of the three California S and Ls that participated was still \$143 million lower than Citicorp's offer

Reaction in California to the board's decision ranged from disappointment to outrage Said California Savings and Loan Commissioner Linda Tsao Yang The decision is a tragedy. The entire bidding process was little more than a predeter-

mined effort to legitimize the sale of fidelity to Citicorp Despite its bitter opposition to the fidelity takeover Bank-America maintained last week that it was too early to tell what kind of impact the merger would have on the California banking market 'We ie not trembling with trepidation because Citicorp is coming to California said Spokesman Ronald Owens We're ready Citicorp's Wriston to take on all entrants to this

market. It just means the competition is going to get a little heavier America which must still receive the approval of the Federal Reserve Board for its own bold move out of traditional banking the purchase of the Charles Schwab & Co



discount brokerage firm, is not expected to oppose the Federal Reserve's Sept 4 review of the Citicorp takeover

Meanwhile Congress has been moving very slowly in the task of bringing the antiquated American banking laws into line with economic and financial reality Scnator Jake Garn of Utah in a bill reported out of committee last week has proposed some first steps to help ailing savings and loans like Fi-

delity If Congress ever gets around to passing Gain's bill it may find that banks and savings and loans have made it out of date. Interstate banking has already got so far in the financial back door that it is setting up housekeeping in the kitchen

Bargains for Big-Time Shoppers

17,000-acre town in northern Michigan (price \$5.9 million). One 420-acre is-A land in the west Caribbean (\$2.9 million) The 600-acre Ponderosa ranch in Incline Village, Nev, where part of the 1960s television series Bonanza was filmed (\$10 million) An oil refinery in Alberta, Canada Bob Hope s 10,000 acres of California land and several Learnets

Those were just a few of the big-buck items available last week at the Sales Trade and Purchase International, a two-day event in Reno, described by Organizer Brian Lovig as a 'swap meet for the elite" For a \$5 000 registration fee, topshelf shoppers were greeted at the airport by young women in tuxedos and whisked by limousine to the MGM Grand Hotel, where they were lectured by Economist Arthur I affer and entertained by Bob Hope as they mingled with other high rollers

Inside the hotel's Capitol Room, even those who were not striking deals said that they had got their money's worth. I m always interested in finding out what's happening in the marketplace, and it's not always easy to find out what's happening," explained G Allan Kingston, regional manager for the Dallasbased Tecon Realty Corp 'I'd rather meet in an atmosphere where it's congenial and you know the people are legitimate"

Lovig, 32, is an enterprising Canadian speculator who says that he hollered for money' as an auctioneer before he began devoting all his time four years ago to a Canadian holding company that invests in apartment buildings, shopping centers and real estate. Lovig got the idea for the event from the experience of running his own business in which he found himself doing more traveling but making fewer transactions. By organizing a meeting of businessmen with similar interests and fortunes, he hoped to attract as many as 500 participants

Though only 55 attended the swap Lovig declared himself "unhappily happy' about the event Said he "I'm unhappy there's not a larger crowd, but I'm happy because when was the last time so many people like this gathered in one office? Lovig, who might repeat the event next year, had another reason to be satisfied In the first 20 minutes of the swapping, he traded his Learjet for a casino in Las Vegas



Browsers look over multimiliion-dollar properties at a "swap meet for the elite"

Music

Songs of Sad Experience

The Thompsons create a powerful LP out of a broken marriage

The year so far Richard and Linda Thompson, British musicians of formidable gifts and marginal celebrity, release their sixth album, Shoot Out the Lights It is a record that has no contemporary equal for surpassing a particularly difficult goal working the simple tragedies of the everyday into the stuff of folk legend and letting the stories flow through melodies that seem to have been tapped from some deep Celtic wellspring The music, fresh, strong and startling, has

is between the partners now the usual portion of blame and bitterness and confusion All the clarity comes in Richard's music He sings 'It's so hard to find Who's going to cure The Heart of a Man in Need" Linda sings It's only the pain That's keeping you sane And gives you the mind to travel on And together 'I et me ride on The Wall of Death This is the nearest To being alive

Shoot Out the Light's seems at times to be not so much a record at all as a kind of



Linda and Richard during a break in their U.S. tour: The end of an extraordinary partnership?

Everyday tragedies as the stuff of folk legend, melodies from a deep Celtic wellspring

ancient reverberations and contemporary overtones. Each song has the clenched power and pitiless clarity of a Francis Bacon painting.

Shoot Out the Lights does not get heavy air play or make a dent in the charts—pitiless clarity not being a commodity eagerly sought in the Top 40—but it receives reverential notices. It also gets the Thompsons to America, Richard's first real visit in ten years, Linda's first ever Their appearances become events. They are rites of passage for novitiates, acts of communion for initiates. The hompsons in performance put on shows of acetylene brilliance but these events for them are something else entirely.

The marriage has run aground Further collaborations are uncertain Shoot Out the Lights may have to stand as the summing up of one of the most extraordinary creative partnerships in rock There

Pirandellian reflecting pool Are the songs refractions of a fractured relationship or are the Thompsons re-enacting and reliving the songs' Is it life that is caught in the chorus or the people? "Richard has a very spiritual side of him Linda explains 'I think in a lot of ways he is scared of the nonspiritual side of him, so he tends to gravitate toward something that's spiritual to help him from going completely over the top. He just does everything with a vengeance, with a vengeance" The memory of a line from the Thompsons' Did She Jump or Was She Pushed? dances across the conversation ("She used to live life with a vengeance") as Linda continues He was a vegetarian for years and years and wouldn't wear leather Then he became a Muslim, and we had to go to this Islamic commune in London and give all our money away, give all our clothing away And now he loves this woman With a vengeance

Two of Richard's older songs are translations of Arabic poetry but the tone of Shoot Out the Lights is distinctly secular and its power very much of the immediate present With a vengeance. I am not pessimistic I am not obsessed by death I don't believe in fatalism,' Thompson insists. I am an outside observer, like a journalist Nevertheless, these observations seem drawn from inside himself The album's title cut, for example is a bone-chilling evocation of metropolitan madness, a song full of abrupt violence and long shadows of empty city streets It's Just the Motion is about drowning literally and figuratively slipping off from life at the bottom of the sea

That song quiet terrifying and seductive is like a fullaby of doom, but it has the flavor of an old ballad Indeed Thompson's apprenticeship as part of the seminal English folk-rock band Lairport Convention provides a kind of melodic continuity with the past. Folk doesn't mean anything any more he says. Our strongest roots are in British and Celtic traditional music. In terms of song structure, we come out of the Scottish ballad form more than anything else. But what we play is rock and roll. Thompson, son of a Scotland Yard detective who played guitar in police bands (He wasn I good I m sure he won t mind my saving that) spent his boyhood listening to early rock coming from his sister's bedroom and from the cafe down the street. He met Linda more than a decade 1go through a mutual friend in Lairport Convention, the late Sandy Denny

I inda the daughter of a vaudevillian who billed herself. Vera I ove, Specialty Dancer (I d be scared to ask her what 'specialty dancer meant it may have been something risque. Linda says) had grown up outside Glasgow and had never had a singing lesson or any overriding interest in the musical life. I'm one of those idiots who will do what the man I m involved with does she says. If Richard had been a bricklayer, I would have been a fantastic bricklayer. No question she is a fantastic singer. Not trained not technical she has a clear tone and a dramatic delivery that drives every song to the limit. Others may be more polished, but none can surpass her punch Linda Thompson may be rock's best woman singer

For the present she will be a singer without a band Richard is in California preparing for a September solo tour 1 inda has gone back to I ondon where she has taken charge of the three children and has a singing role at the National Theater in a dramatization of Don Quixote starring Paul Scotield Without benefit of acting lessons or experience she should still be finding some familiar territory. The Don after all also knew about the weight of dreams

—By Jay Cocks. Reported by

Denise Worrell/New York

Press

A Cultured Voice Falls Silent

Saturday Review, after 58 noteworthy years, ceases publication

For many years the logo of the Saturday Review was a mythical bird the phocnix rising reborn from its own ashes. The symbolism remained apt even after the logo was dropped in 1977. During much of its 58-year life span the magazine of ideas as it called itself has lost money since 1971 it has been sold or refinanced five times SR has been by turns a weekly, a biweekly, a monthly at one point it was

split into four separate magazines. Over the years it shifted focus from books to popular culture to politics and science and then in its last incarnation, back to culture again. It built circulation from a few thousand shortly

after its birth to a height of 660 000 in 1971 but since then it has repeatedly tried to shake off a doggedly loyal readership that an owner once dismissively described as somebody's aunts, in order to improve its demographics and attract new advertising. Through all the changes of editorial focus Saturday Review as if emulating the mythology of its old emblem refused to die

Last week however the phoenix returned to ash probably not to rise again Owner Robert Weingarten a former stockbroker and publisher of the investment journal I mancial World who had lost \$3 million on SR since taking over in 1980 ordered a halt on the issues at the printers and dismissed the remaining two dozen members of an already teduced staff. His sad conclusion. SR was doomed. without an unaffordable injection of at least \$5 million for circulation and promotion. For months he had tried to merge with another magazine to sell SR or even to give it away. Potential buyers were at first intrigued about acquiring a magazine that had published TS Eliot John Dos Passos James Thurber and G K Chesterton and that had been credited with helping secure passage in Congress of the 1963 nuclear-test-ban treaty. But upon analysis would-be bidders deemed SR too risky Admitted Weingarten Saturday

Review has had a long and distinguished tradition But we have invested all that we felt prudent to invest

What finally brought Saturday Review down despite its circulation right up to the end, of nearly 500 000? One former SR editor argued that the magazine had failed to assimilate the social changes in America that began in the late 1960s, and had become outmoded Another suggested that it had become Longtime Editor Cousins

so inextricably linked over the years with longtime Editor Norman Cousins that when he stepped down in 1978 SR lost much of its essential identity. But perhaps the fatal factor was in Weingarten's phrase the cost of getting and maintaining a subscriber

Most magazines today are sold in three ways on newsstands by subscriptions ordered directly from the publica-

Saturday Review



Owner Weingarten: end to a grand tradition 'We have invested all we felt prudent

tions and by subscriptions brokered through agencies Direct subscriptions provide enough income per buyer to help offset printing and distribution costs. By comparison, agencies siphon off so much of the subscriber's payment that the magazine loses money on each copy. But the increase in readership is supposed to enable publishers to recoup through higher advertising rates Saturday Review got the

bulk of its readers through agencies said a former edibecause we wanted to get consumer advertising liquor, tobacco automobiles, and the minimum circulation for that seems to be about 450,000 Despite exceeding that goal SR still failed to attract sufficient advertising

The Saturday Review of Literature as it was called until 1952, began in 1924 as a spin-off of the weekly books supplement to the New York

Post The founding editor, Henry Seidel Canby was a Yale lecturer in literature and chief judge for 32 years of the Bookof-the-Month Club A key associate was William Rose Benet a Pulitzer-prizewinning poet. In 1940 control passed to Norman Cousins then 25 whose editorial interests took in the sciences, travel, the music-recording business and above all, politics A dedicated liberal activist, he used SR's once staid pages to crusade for US medical treatment for the Hiroshima maidens' in the 1940s for disarmament in the 1950s for aid to rebuild a Vietnamese village ravaged by U.S. Marines in the 1960s. But he always proved a

shrewd salesman his special sections on topics such as education and stereo electronics often, attracted foundation support or extra advertising Cousins made SR solvent enough that McCall Corp publisher of McCall vand

other magazines, acquired it for \$3 million in 1961

A decade later the magazine still under Cousins' editorship was sold to the founders of Psychology Ioday who split it into four monthlies dealing with education science the arts and the society Cousins disagreed with that strategy and walked out By 1973 the fragmented SR was in bankruptcy and Cousins strode back in He restored the old formula but not the old form. In 1977 a new investor group took over and in 1978 Cousins reduced his role to that of columnist

When word spread of SR's potential demise its loyalists wondered whether Cousins might leave his professorship at the University of California at Los Angeles to try once again. Said he with a tinge of the old SR editorial bravado. I like to think of Saturday Review as an antidote to the sleaziness that is invading our national culture the cult of incoherence, the competition to pulverize language and glamorize brutality 'He paused You bet I am tempted to return But if I am wise, I will suppress the temptation

Into the Lists

Time Inc's TV-cable guide

Not so long ago picking what shows to watch on TV watch on TV was an easy flick of the dial There were three networks and scattered independent stations to choose from Today, especially in the nation's 31 million cable-TV households, up to dozens of alternative channels can be available To help the viewer keep track numerous directories have been put out by cable-system owners, specialized paycable channels and independent entrepreneurs In addition many newspapers now carry cable channels in daily listings and Sunday TV supplements as do some regional editions of TV Guide



Last week an ambitious new entry joined the growing field TV-CABLE WEEK, a four-color, 96-page weekly magazine to be published by Time Inc start-

in the first quarter of 1983. Its key feas that it will be "system specific," meaning that in each cable area where it is distributed, the magazine will list every significant program channel that the viewer can get and none that he cannot Said Time Inc Editor-in-Chief Henry Anatole Grunwald "Some people have told us that they need four program guides just to tell what is on "

Preparing separate listings for each cable system means, in a sense, publishing many small magazines rather than one large one To accomplish such an elaborate task TV-CABLE WIFK will rely on computers Time Inc executives estimated that start-up and development costs could total \$100 million over a four- or Sive-year period That would be an unprec-Lented magazine investment, but Time Inc President J Richard Munio explained "TV-CABIT WITK has the potential of becoming our largest magazine both in terms of subscribers and of revenue Time Inc is the country's biggest magazine publisher, its current largest publication, TIME last year had a circulation of 5 7 million and revenues of \$340 8 million

Editorially TV-CABIL WHIK will be 'as fast-closing and newsy as PEOPLL' said Managing Editor Richard Burgheim a founding editor of Propie Wrapped around the listings will be up to 32 pages of news profiles and features "strongly pegged to that week's programs,' Burgheim added 'There may be critics or columnists but the staff will be young, of the TV generation, less snobbish than the rerlex print writer reacting to television

he editorial section which will be the same in all editions, will carry national ads, the listings will carry local ads Subscriptions to the magazine (at a cost of 70¢ per issue) will be marketed jointly by Time Inc. and cable-system owners, with both sharing in the revenues Because of that arrangement, and because Time Inc is itself a major supplier of cable programs through its Home Box Office and Cinemax movie channels, some competitors raised questions of potential conflict of interest Peter Funt, editor and publisher of On Cable characterized the plan as "sort of like inviting the fox in to give a lesson to the chickens 'Said Meirill Pan-

itt, editorial director

of TV Guide "Our

feeling is that if we

became a marketing

tool for cable compa-

nies, it could compro-

CABLE WEEK will

maintain complete

editorial

Replied

"TV-

mise our

integrity "

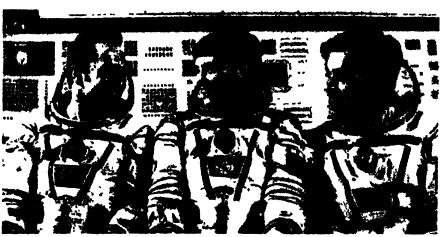
Grunwald



Prototype cover

ındepeneditorial dence and provide straightforward, unbiased information "

Space



Cosmonaut Svetlana Savitskaya, flanked by male crew mates, before last week's flight

Squabbling over Astro Turf

In Vienna, a UN conference takes up star-war concerns

or several days last week pretty American Astronaut Anna Fisher was the hit of Vienna. In Austria for the Second United Nations Conference on the Exploration and Peaceful Uses of Outer Space (Unispace 82 for short) the pert, 33-year-old physician who has been training for a shuttle flight and may become one of the first American women in space, attended parties and even lectured to children at the Vienna planetarium At week's end, however, Fisher's star was eclipsed by a 34-year-old aerobatic pilot and parachutist named Svetlana Savitskaya who blasted off with two male crew mates in the Soviet spaceship Soyuz T-7 on Thursday She was only the second woman, after fellow Soviet Cosmonaut Valentina Tereshkova in 1963 to make such a flight. With a superb sense of timing, the Soviets had sent Savitskaya into orbit in Unispace 82's closing hours

Not since 1968, when space exploration was still in its infancy, has the world organization held such a major conference on the new technology But as the conference's exhibits, among them a one-third scale model of the Soviets' Salyut-6 space station clearly demonstrated, space technology has made huge strides since then, and many nations are eager to share in the benefits Thus the conference's major theme how to use for the good of all mankind what U N Secretary-General Javier Pérez de Cuéllar of Peru archly called the tool of a privileged few

No answers came forth in Vienna Though conference planners hoped Unispace 82 would concentrate on practical matters, like establishing more satellite ground stations to improve global communications and finding ways of sharing earth-surveying data, the meeting turned into a verbal free-foi-all. In gibes at the superpowers, especially the US, many of the 94 nations represented at the meeting

voiced fears over what Pérez de Cuellar described as the increasing and rapidly escalating militarization of outer space

That is not likely to slow down any time soon. In the past twelve years, the Soviets have conducted at least 17 tests of their ASAT system to disable or destroy enemy satellites. In these experiments, a socalled killer satellite approaches its target and explodes, sending out a spray of deadly shrapnel To match this threat, the US is now working on its own antisatellite system of an even more advanced design, to be launched from a high-flying aircraft that could not be easily targeted by enemy missiles like the Soviets ground platforms

But these star-war technologies were not the only concerns at Unispace 82 Most communications and many weather satellites are parked high above the equator at an altitude of 23,300 miles in 'geostationally orbits," hovering over the same spot on the ground Many Third World nations are afraid that by the time they are capable of launching satellites all the orbital parking spots will have been taken Reason communications satellites cannot be placed closer than two earth degrees apart lest their signals interfere with one another

Even though initial American misgivings about raising such wide-ranging issues at the conference persisted, the US agreed at week's end to the adoption of a long report with some vague allusions to Third World concerns Despite having to vield somewhat. U.S. delegates insisted that the Vienna conference could point the way to more cooperation with those nations that until now have only been able to eve the heavens Still, the conference seems to have served as a startling and sobeting reminder to the US of the genuine doubts and suspicions on the part of nations around the world about superpower activities in space



Sexes

COVER STORY

The New Ideal Of Beauty

It's taut, toned and coming on strong

ake a muscle son'
A sunny summer time vision out of the Norman Rockwell past Dad middle-aged healthy and proud wears the smile of a successful Little League coach Bobby or Timmy or Petc, a freckle-faced 9 or 10 crooks his slim arm and strains to pop that first bicep. To the side is a Betty Crocker mom beaming at her new young man. And off in the back, pug nose sniffing in disdain is Kid Sis. Boys games' her elfin derision seems to say "Showing you re strong. Proving yourself Making a muscle--ceeenumum!"

You ve come a long way sister The gym classes you skipped at school now form a significant part of your adult entertainment. You are working hard playing hard making yourself hard and strong. The sports for which you were once only a cheerleader now serve as your after-work recreation and thanks to Title IX part of your school-age daughters curriculum. Spuried by feminism's promise of physical, domestic and economic freedom, you

have done what few generations of women have dared or chosen to do You have made muscles--a body of them—and it shows And you look great

As a comely byproduct of the fitness phenomenon women have begun literally to reshape themselves, and with themselves the American notion of female beauty. At home or on the beach or by the office water cooler, a new form is emerging It may be slimmer than before but it is surely stronger. It may be massive or petite, but it is always graceful. The face stripped of its old layers of makeup, looks more natural. The frame deprived of some adipose tissue looks more sinuous. It is a body made for motion for long purposeful strides across the backcourt, through the mall into the boardroom. It is a body that speaks assurance in itself and in the woman who, through will power and muscle power has created it. It is not yet, and may

Grace in action: Becky Sheehan on the court in Dayton; Beth Edens on a Houston track; Doreen Dahlstrom lifts weights in Chicago







never be for everybody but for many men this feminine physical assurance can be galvanizing there can be an allure to equality Women liberated from the courtesan's need to entice, have become more enticing. To be in condition is not only healthy it is sexy—and inseparable from a strength of the self and the spirit

There are aspects of the new woman in a rising generation of athletes and actresses the powerful neck and shoulders of Dancer Sandahl Bergman, the huge forearm of Tennis Champ Martina Navratilova, the mesa-flat stomach of Actress Mariel Hemingway the sinewy 'thunder thighs' of Marathoner Crayle Olinekova the eloquently articulated back muscles of Track Star Patrice Donnelly But these are not changeable parts on the latest model of Barbie doll. The new body is to be seen and appreciated in the sum and the movement of its parts the most important of which may be the brain that determined to shape them

In the old days, when women s shapes were expected to be either pillows or posts today's muscular woman might have been considered a freak. No more Says the 5-ft 101/2-in Mariel, who played a budding track star in the movie Personal Best "My height puts me really out there so I exercise as much as possible With exercise you get strength and grace The strength makes you self assured The grace makes you more feminine " At 5 ft 71/2 in and 143 lbs Naviatilova is a Maillol sculpture with a ferocious court sense I was born with this body, she says 'When I was two years old I already had little biceps. As a kid in Czechoslovakia. I felt out of place But the attitude toward

Dr. Frances Conley, poised with her javelin in Palo Alto; Gall Elsen striking a pose in Manhattan; Lisa Yeager skating in Atlanta women's bodies has changed and I grew into my body. Now I wouldn't change it for anything

Across the world from Czechoslovakia in Toronto Olinekova had felt the same childhood alienation. I was a mesomorphic woman glowing up in an endomorphic world. That look -fleshy and round with curves in all the right placeswas a product of genes. You were born with it or you weren't Today's beauty is heaven sent but earth improved. Women are making themselves stronger and appreciating it in other women. Two years ago when I d run down the street in my bikini it was the men who d be crashing their cars into telephone poles. Now the women look and go crazy. I ook at those legs! they shout Way to go!

t is the way those aristocrats of physical culture the modern and ballet dancers have always gone Says Impresario Paul Taylor The dancer's body is superb as a functioning instrument to accomplish physical feats. Debbie Allen who plays a dance teacher and serves as choreographer on the NBC-IV series Fame sees dancing as a precision art. Doing the things your body might not want to do keeps your mind alert and elevated' And as Choreographer Patricia Birch (Grease) notes other people are admiring dancers bodies to the point of emulating them. Muscles have become the status symbol of fitness

As a symbol of status health or sex appeal the strong body is a sensible goal and not only for those women whose livelihoods depend on the rigorous care and feeding of their bodies. Jane Doe as well as Jane Fonda is making a good habit out of exercise sport and weight litting and has the new body to prove it I is a Yeager 23 is a secretary it.



an Atlanta bank and a cheerleader for the Atlanta Hawks basketball team "A welltoned body shows me that a woman cares enough about herself to improve herself 1 exercise because it makes me feel good, not because of how men react to it " Says Gail Eisen, 40, a producer at CBS News in New York and co-author of The Pilates Method of Physical and Mental Conditioning "Just being thin isn't pretty any more Now beauty is the vibrancy of someone who's got blood rushing through her body from exercise To be beautiful you have to be healthy And to be healthy you have to exercise '

That is just what the physically active woman is doing while maintaining a fulltime successful career Dr Frances Conlev. 42, is a Palo Alto Calif brain surgeon who trades in her scalpel for a javelin once a week Beth Edens, 31, is usually on the move as a sales representative for a Houston printing company but still finds time to keep in shape with aerobic-exercise classes "It's mental health," she says "If it helps me physically, fine But most of all it s a release

ost nights after work, Chicago Secretary Doreen Dahlstrom, 24 goes to lift weights at the Diamond Gym And what begins as an off-hours fancy can mature into a career, as proved by Becky Sheehan 35, of Dayton "I grew up thinking that to be attractive to men, I should be soft, feminine and caked in cosmetics,' she recalls "But when I was 25, I took up tennis and got hooked. The arm muscles tennis built up looked pretty neat. I thought So I started weight lifting Now I teach aerobics and tennis, and I have a new idea of the attractive woman me

Though the fitness craze is still mostly a middle- and upper-middle-class phenomenon the fit look has nothing elitist about it It represents an attainable ideal



Debble Allen: dancing is being alive



Martina Navratilova: fashion finally catches up

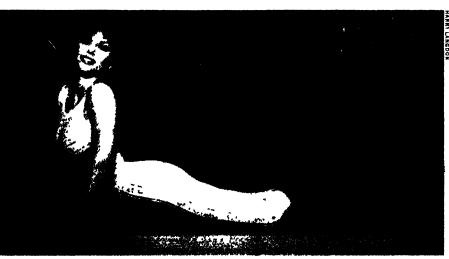
for all ages, races, walks of life. It requires little more than the will to work at them Argues Body Builder Rachel McLish 'You have a simple choice of what to put on your bones fat or muscle Working out is a positive addiction. It may also be the means to that elusive seductive goal a prolonged vital youth "The fitness business,' suggests Novelist-Critic Wilfrid Sheed 'is about sex and immortality By toning up the system you can prolong youth, just about finesse middle age and then when the time comes, go straight into senility

There are those who think senility, or at least softheadedness, may have already arrived with the strong and healthy look "Women are in danger of turning in on themselves becoming emotionally mus-cle-bound, says Jon Wilkman a Los Angeles producer of documentaries for cable TV "We've entered an age of mental and physical narcissism. Originally, man built a strong body to do work. Now women are building their bodies just to look good. Is that enough? Does beauty stop at the skin line? For this kind of woman, it does She will be sitting alone in an empty room, with her perfect body' Calvin Trillin, The New Yorker journalist and humorist wonders whether this new ideal woman is only a media spin-off from the popularity of Jane Fonda and her bestselling Workout Book (see hox) For the public good Trillin says the more people who can lift the end of a car off the ground in case of trouble the better. But I'm not sure I see any other advantages to it. Speaking as one whose muscles don't ripple. I feel confident in proclaiming that this too shall pass and that our natural inclination toward sloth will reassert itself

That would be just fine to many men and not a few women with more traditional ideas of female beauty. Insists Beverly Sills the diva who now runs the New York City Opera 'There is a growing strength in women, but it's in the forehead not the forearm Men will always be attracted to women with nice soft arms and a fleshy bosom ' Playboy magazine's 1982 Playmate of the Year. Shannon Tweed is about the same height and weight as Mariel Hem-



Olivia Newton-John: getting physical



Victoria Principal: "Into body sculpture" and aiming for the bestseller lists





The effort and the results: the exercise guru shapes up in her Workout studio; the movie star preens in *On Golden Pond*

On Golden Fonda

ane Fonda has made more than her share of controversial scenes, in the movies and in the headlines, but none has quite matched a certain sylvan sequence in On Golden Pond She stands on the edge of a dock in Squam Lake, N.H., her body firm and svelte, her skin as burnished as an Indian totem her bikini two bright tattoos. A shiver or two later she has backflipped off the dock and sliced into the cold water. As sentimental drama the moment is effective, as cinema it is unremarkable as a display of new-fashioned star quality, it is radiant. But, oh, the ruckus it raised, as the movie reeled surprisingly toward blockbuster status last winter and spring No audience could watch Jane without murmuring in tones of awe. Look at that tan" 'Look at that tone" Fonda's critics took a different view 'She has a body like wood' one man said You don't want to stroke her, you want to sand her

down' Dale Pollock a reporter for the Los Angeles Times complained 'That scene is supposed to be the climax of the film Instead, it's a commercial for Jane Fonda's Workout

If so the commercial did its job Workout (Simon & Schuster \$18 95) published the month On Golden Pond was released. has had 31 weeks on the New York Times nonfiction bestseller list (No 1 for 21 weeks) The book has become the focus for a baby conglomerate that mints money by marketing Fonda's exercise ideology A 90min video cassette showing Fonda and the workout instructors performing the regimen retails for \$59.95 a two-record album of mellow-rock exercises has made the Top 40 her Workout studios are now in Beverly Hills Encino and San Francisco and will be opening up in other large cities. At the Beverly Hills center, housewives and sccretaries mingle with Hollywood actresses such as Kate Jackson, Alı MacGraw and Jill Clayburgh, spending \$6 per hr to perform hamstring stretches buttocks lifts and donkey kicks Occasionally Fonda supervises the workouts-in those intervals when she is not acting in a movie or producing one, touring the talk shows raising her two daughters, or promoting the campaign of her husband Tom Hayden for a California state assembly seat this fall At 44, she is at the top of both her profession and her form

Fonda is an ace saleswoman for her program because for a quarter of a century now As Barbarella (1968)

she has reflected changing fashions in diess and image politics and physique. In the 40s she was a movie star's brat, going chubby and haywire, while her father Henry played love scenes and went to war In the late 50s Jane was a Vogue cover girl, fresh out of Vassar and mummified in heavy makeup. The early 60s saw her as Hollywood's all-American ingenue in Iall Story and Sunday in New York A few years later her then husband Roger Vadim retooled her into a European sex symbol as Barbarella By the early '70s she was a scrawny scraggly Hanoi Jane the ardent activist who visited the Viet Cong. turned up at Black Panther railies and cheered on the Indians who occupied Alcatraz earning contumely for heiself and an Oscar for her performance in Klute

What a difference a decade makes Jane's clenched fist, once the angry sign language for radical power now helps form a taut bicep. She has become a role model for mid-life American women as well as a gutsy advocate of causes like equal pay She charms listeners from Malibu to Donahue

> with her no-nonsense do-gooding. She may be the country's most visible liberal' -- and the most electable, though for now she is content to sponsor Hayden's political career by ringing doorbells and with some substantial contributions to his campaign On Golden Pond which her film company produced not only took in more than \$100 million at the box office but served as a public celebration of the bond uniting her and her father just before his death. She seems glowingly happy as a wife, a mother and a cottage industry

> In her introduction to the Workout Book exercises. I onda performs some of her most strenuous handsprings explaining her past. There were the youthful bouts of anorexia nervosa and jags of amphetamine popping at Vassar Prescriptions were apparently easy to get from incurious doctors Later came attempts to meet Hollywood's or Paris standards of sex appeal. In an effort to conform to the sought-after female image she writes I abused my health starved my body and ingested heavenknows-what chemical drugs. I took diurcties for almost 20 years almost half my lifetime, something that appalls me today. In this sense. Workout is two books, an essay on the celebrity as society's most glamorous victim and a guide to salvation through sweat. Fonda's new eminence suggests another moral that this lioness of the left might find ironic She is living proof that two systems can be made to pay off workouts and capitalism



Sexes

ingway, but her contours are different—in the soft lines and curves that her beau, Publisher Hugh Hefner finds so attractive She will not try to change "I think you can get too muscular I'm not the jealous type, but I'd be jealous of a woman with drop-dead curves rather than of a woman with an athletic build Somewhere there is a happy medium between Fonda and Dolly Parton"

It may be a question of physical strength men are supposed to have it, and women aren't 'Anything that sweats, or has sweated or is about to sweat does not interest me sexually says John McGrath, an Atlanta spoitswriter 'I also have a haid time being attracted to anyone who can beat me up "Paul Corkery, a Los Angeles novelist thinks the strong woman is chasing form without the function "It's as if they re all in training for the Olympics They re all muscled up with nowhere to go

omen can move proudly into the security of their new bodies—they can jug into shape lift weights for body tone wear themselves out in the disco bliss of Jazzercise But what about men" 'Jazzeicise is a blowout" one Atlanta woman says 'Remember the first dances you went to where all the girls ended up dancing with other girls because the boys couldn't dance? So this gives me a chance to dance which my husband hasn't done since our wedding But my husband still won't dance Come to think of it, I'm back to dancing with the girls Haven't made much progress in the past 25 years, have 12" Wendy May, 34, who teaches aerobics in Atlanta might argue that progress comes first, then the education of the recalcitrant male 'The discovery is not that it's sexy to be healthy but that it feels good I think most men are frightened by muscles, maybe even by fitness Now though, I don't think they have a choice They may as well decide it's sexy because it's here

The new body is here, and men may decide it is sexy for one basic reason it can enhance sex When Olivia Newton-John sold millions of records purring, 'Let's get physical, 'she wasn't talking only about push-ups. A woman who is more aware of her physicality will probably be more aware of her sexuality. The inspiration of the fitness gurus was to set exercise to the disco beat and make the regimen fun, sex is after all a form of exercise for two Says Helen Gurley Brown. who, as editor of Cosmopolitan, is paid to think about Topic A "Women are becoming real sexual athletes now Health gives women stamina that allows them to give full range to their sex drive

Patrice Donnelly, 32, is a professional athlete who displayed her acting ability and an intense sexuality in *Personal Best* Hei director, Robert Towne, says that Donnelly received mail from both men and women "Patrice has the sleek active



The corseted beauty: Lillie Langtry in 1882



The suitry milkmaid: Marilyn Monroe in 1952

And then the hourglass shattered

body I find beautiful," says Towne "Her grace matches any ballerina's "Donnelly runs two to four miles three times a week and lifts weights three times a week for three-hour sessions. The results show her 5-ft 8½-in, 127-lb frame has only 8% body fat (a woman of average size carries about 20%) 'Men have always loved my body," says Donnelly 'My boyfriend loves to show it off He ll say to friends, 'Hey, watch Patrice flex' But I exercise for the inside and the outside. The more athletic I am, the more feminine I feel

Where body prophets like Patrice Donnelly dare to tread, ingenious profiteers are sure to follow. The sexy-fit look has generated a booming business Pop songs like Newton-John's Physical and Diana Ross's Work That Body scampered up the charts Exercise records have broken out of the vanity-house ghetto Mickevs Mousercise has sold more than 350,000 copies. New magazines like Fit and New Body are preaching an enlightened narcissism litness gurus, from Richard Simmons to Kathy Smith to that rock-hard perennial Jack LaLanne start the TV day with exhortations to slim down and tone up. At the movies, the new actresses are quirky and resourceful, and so are the characters they play The old image of a star actiess says I arry Mark. vice president of production at Paramount Pictures was of a beautiful woman lounging in her pergnorr popping bonbons while she painted her toenails. Now it's a taut body in shorts doing jumping jacks Juiciness is out, angularity is in

Actresses used to publish breathy memoirs today they write about deep-breathing exercises. Victoria Principal, who plays J R. Ewing's saintly sister-in-law on Dallas has been a fitness buff for years. "In my publicity photos they used to air-brush the muscles out of my arms," says Principal, who jogs up a mountain three times a week. Now she has her revenge The Body Principal is soon to hit the bookstores, where it will join the dozens of other glossy guides like Jane Fondas—on weight lifting and weight reducing, on holistic medicine and pregnancy therapy—that crowd the special display tables devoted to the fitness fashion.

he traditional glamour industries, which might have suffered when the new woman jogged back to nature have found ways to adapt Says Actress Valerie Harper, who as TV's Rhoda Morgenstern lost weight and grew muscles while the home audience watched "Now you can buy \$50,000 worth of the no-makeup look "That look is an increasingly profitable part of the clothing industry Danskin, leading manufacturer of tights and leotards, does about \$100 million in sales annually In the Sunbelt, where warm weather discourages women from buying next season's Paris original, jock chic is rampant With men and women flaunting tanned. exercised bodies, the fashion is sportswear headbands, tank tops, jogging shorts and running shoes. In offices and at informal dinner parties, the high-casual look has become acceptable Exercise appear in the windows of a Rodeo of the boutique, and at night, on Sunset Strip young prostitutes parade in gym shorts and leg warmers

Even that last outpost of anorexia, the modeling agency, is being renovated into a new-woman spa Observes Eileen Ford, who runs her own top agency in New York City "Models used to look fragile, plucking their eyebrows and wearing pancake makeup God, they looked terrible! Now I get girls in here who are so fit they've got legs like Muhammad Ali

That's not ideal either, but it s part of the '80s look a firm body, healthy hair and skin, and a look of seiene determination in the eyes Todav health is beauty You can't have one without the other'

It was not ever thus Though a 3rd century A D Sicilian mosaic reveals an astonishing modern woman-bikini-clad and sporting a pair of barbells-women rarely exercised to keep themselves in shape or style Too often they simply mutilated their bodies. For a thousand years Chinese women bound their feet so tightly that a natural high heel was formed and toes were twisted irreversibly under the arch African women used discs to form platypus lips, in Burma tribeswomen encucled their necks with so many heavy metal rings that the vertebrae would separate In the early 19th century, English fashion in female bodies was ethereal emaciated, a tubercular frafility was considered attractive /Women subsisted on a diet of vinegar and belladonna to achieve the Pre-Raphaelite fatal slimness 'The crowning confining glory of Victoriana was the whalebone corset which gave Actiess Lillie Langtry her ideal' 38-18-38 measurements, and which sometimes displaced internal organs For some women that was not enough in pursuit of the hourremoval of their lower ribs

A century ago, the present revolution began Women took up three new sports bicycling, roller skating and tennis. On the tennis court or the open road, there was a physical liberation of sorts. A few years later, when the movies were born, requiring motion, the images were available for all to see the energy of the human figure, the equality of male and female movie stars, the athletic heroism of actresses like Pearl White and Annette Kellermann From the new ideal of bodies in Potion came an original 20th century figure the energized woman, ready to express her potential in physical activity

For the next 60 years, the movies would shape and reflect the evolving form of this new woman. The smart working-girl heroines of '30s comedy—Carole Lombard, Barbara Stanwyck, Rosalind

Russell, Jean Arthur-did not so much display their bodies as move comfortably in them, telegraphing their belief that they were a match for any man. In the '40s and 50s, the bazooka buxomness of Jane Russell Marilyn Monroe and Jayne Mansfield marked a reaction against equality, here was the milkmaid as sultry pinup. Now the hourglass is shattered Says George Hurrell the portrait photographer who for 60 years has celebrated Hollywood's full-figured stars. 'In the '30s everything was round. It gave a body shape and shadow. Today, actresses are rid of hips and thighs and even busts."

In the real world equally obvious changes were taking hold. The twin de-



not enough in pursuit of the hour"Getting physical" in ancient Sicily: a 3rd century mosaic
glass figure they underwent surgical
Stronger than fashions like Deelv Bobbers and E T

mands of feminism and a new imperial economy paroled the American woman from her domestic cage With the Pill. technology undermined conservative morality Couples could have only as many children as they wanted or no children at all Freedom from the biological imperative has been followed by an economic imperative earning her way single or married More than half of all American women--indeed more than half the US married mothers-are in the labor force There a woman must collaborate and compete with men as other men do, as a peer She is dressing and shaping her body to fit the new fashion of equality

With that fashion comes confidence Raquel Welch, striding the Broadway stage and looking sensational at 41, observes other women walking down Manhattan or Malibu streets Says she "I get the feeling that women enjoy being women more The whole message is to be happy in your own skin" Notes New York Times Op-Ed Page Editor Charlotte Curtis What is really strong about the new woman is her fearlessness She's standing up in a way she never used to"

She is teaching her own daughters to stand even straighter and stronger "Conceptions of beauty start in the family," says Harvard Psychologist lackie Zilbach, and they start very young Little girls tend to follow their mothers notions of beauty "The previous generation of mothers had not put much store in exercise, for themselves or their children But members of

the Jane Fonda generation have remade their own bodies and are encouraging their lithe young daughters to start from scratch. In Chicago, new mothers are flexing the arms and legs of their month-old babies in an infant aerobics course. By the time they grow up, after a youth of exercise and competition encouraged at home and at school, these girls will have acquired naturally the bodies their mothers fought to shape

t can be argued that the strong woman is only this summer's fashion like Deely Bobbers and ET, and that most women will soon tire of sweating themselves into fighting shape. The disco beat at the local health club may begin to sound as monotonous as the old metronome. muscular aerobicians will resent being mistaken for football players Jane Fonda will find herself another cause and let her deltoids go to flab Throughout history women have been alternately starved and stuffed and no one can guarantee that next years body heroine won't be Dolly Parton But to imagine this is to ignore the strides the contemporary woman has taken in the past dozen years and the good sense she has shown in achieving her new status Medicine has made her more aware of how her body works. The fitness phenomenon has proved she has the capacity to make it work. Her new

sense of self-assurance has convinced her that strength - of the body mind and will—is beautiful

That charming chauvinist Charles Baudelaire said that woman should employ artifice to risc above nature ' New York Poet Carol Muske 35, takes a different view and eloquently defends the strong, smart female Woman is nature Muske says, "Her body is like lightning it looks pleasing--and it can run a toaster And her new beauty comes from the fact that there is no more shame, no hiding of the mysteries of the female body Now she can bare it muscle it, do anything with, to, and for it she chooses. The new beauty is possibility-what women can --By Richard Corliss become '

Reported by Martha Smilgis/Los Angeles and Denise Worrell/New York

Computers

The Real Apple of His Eye

How families come apart in the face of the micro invasion

When Advertising Executive Iodd Lief, 47, gave up his four-pack-aday cigarette habit a few years ago he put aside his tobacco money to buy an Apple computer His wife Jo 44 a Chicago family therapist, supported the idea. At least at first. Then she discovered that computers, like cigarettes can be habit forming "He really got into it—she says. After a while, I felt angry - abandoned On a sunny beautiful day he would sit at the computer for eight hours straight

Fortunately Jo has been able to adjust to her husband's obsession. While Todd

with friends gabs on the phone or just immerses herself in a bubble bath Says she 'It gives me more time to do what I want to do I m glad to have the independence 'But their case may be a happy exception Throughout the nation thousands of couples who have survived Monday Night Football jogging and the ERA debate are facing a trickier challenge. The computer that they were told would bring the family closer together may now be driving them apart. Says San Diego Psychologist Thomas McDonald They're beginning to realize they're losing their spouses to a machine

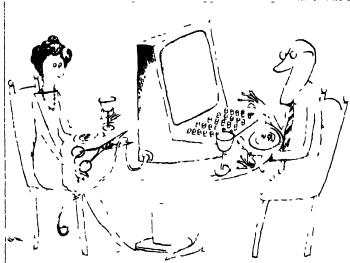
McDonald has enough computer-related distress in the past two years to

design psychological tests to sell to companies that want to spot victims of the new ailment. According to McDonald, the sufferers are trying to keep up with machines that never sleep and never deviate from perfect linear logic. 'Since human relations are neither linear nor logical,' he says they grow increasingly isolated from their families and the whole feeling world

The complaint strikes hardest among top programmers and systems managers Among the first signs a cavalier attitude toward eating schedules and a leaning toward late-night emergencies at the office Often I'd tell my wife I d be home for dinner at 5 o'clock, but the next thing I knew, it was 8 'recalls Bob Fagan a San Diego data-processing professional was so locked into the technology so out of touch with the emotional part of marriage that when we finally separated, it was like a freight train coming through our living room. I was not prepared."

At times, Connie Washam, 32, has nearly given up on her husband Gary, marketing director for a San Diego computer graphics firm. We don't plan on him for dinner' she says 'We don't plan on him for anything. He's kind of a dropin guest' Says Gary in his defense. I m in a double bind. The computer gives me immediate rewards. I get positive strokes every time I solve a problem. On the other hand I enjoy being with my family But if you spend too much time with them you lose your edge in the computer industry

Jerry Gallagher of White Plains, NY finds himself at 48 in the midst of divorce proceedings. He has been married 21 years is the father of three children fiddles with the keyboard she goes out | and vice president of a company that



makes portable computers. He feels the complexity of the technology contributed to his alienation from his family. It bothers me when I tell my wife we can go to 256K bytes of memory and it means nothing to her I don't want to be sexist but women don't understand

Surprisingly Gallagher's analysis is shared by many professionals Computers and video games are clearly sexist says Stanford Psychologist Philip Zimbardo The programs feed into the learned differences between men and women like mathematics and engineering' Zimbardo believes that increased sales of home computers could spread addiction and its attendant vexations. As more people get involved with computers in their everyday lives he warns we are likely to see more of these problems in the general population

Right now there are almost 2 million personal and home computers in the US and manufacturers will ship nearly 2 million more this year. One company alone Timex, is turning out copies of its \$99.95 computer at the rate of one machine every ten seconds. As a rule of thumb, Columnist Art Buchwald has suggested "For every home computer sold in America there is a computer widow somewhere '

Sports widow computer widow you name it that's me' says Actress Elaine Grant, 25 Three months ago her husband brought home a \$250 Commodore VIC 20 'I have to laugh sometimes," she says 'When friends come Jerry immediately drags them over to show them the computer Some may actually understand what's going on but most just stand there and smile and can't wait to get away Jerry 42, a violinist with the Boston Symphony Orchestra and his son David 9, now while away the hours playing games composing music and deciphering complex programs. Jerry has begged me to show some interest. Llaine confesses but I can't It's ugly. It makes obnoxious

meter the conses. It has about 80 zillion things stuck to the back of the TV Han divers self-destruct in my hands so why should I touch the computer?

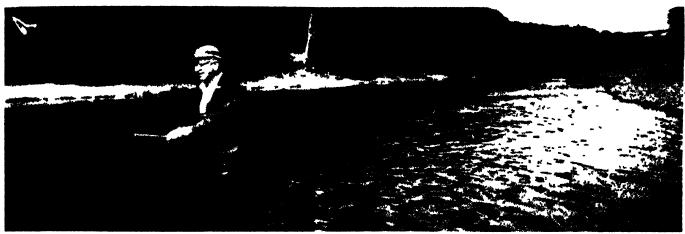
> Many women rather than join the computer revolution have hammered out peace pacts with their mates. In Palo Alto Calif a woman who spent five years with an Atari programmer finally imposed a 15-minute limit on uninterrupted talk about his work. In Atlanta the wife of a former camera bug who switched to home computers uses travel to protect their relationship Says' she. I insist that we go to our place at the lake every weekend to get him away from the computer

That would not have stopped Bart Voyce. He takes his portable computer nearly everywhere, from a New Year's Eve party to the roof of his Newark apaitment building, where he mixes programming with nude sunbathing. He threatened to bring it along on his honeymoon I m kind of patient' says Lisa, his wife of two months, 'but after a while it gets annoying. He ll be programming for hours and I'll be staring at his back I finally got involved in computers just to keep up. You can't let a machine come between you

Says Stanford's Zimbardo corny as it sounds we need to re-establish family rituals such as family meals with meaningful conversation? the most hard-nosed software freak will agree in principle, but sometimes it as not easy I d sell my computer before I d sell my children " deadpans Atlantic Monthly Lditor James Fallows who happily traded in his typist for his word processor 'but the kids better watch ---By Philip Faffick.

Reported by Robert T. Grieves/New York and Joseph Pilcher/Los Angeles

Environment



an angler casting patiently in a section of the River Tweed: possibly the worst season on record

Decline of the Atlantic Salmon

Offshore netters leave sport fishermen with empty creels

he very names evoke the lore and challenge of a classic individual sport the Dee the Tay the Tweed These famous fishing rivers of Scotland attract some 50 000 anglers a year most of them lured by hopes of hooking the combative and tasty. Atlantic salmon.

But this year fishermen are returning home from Scotland with little more than tales of the big ones they never saw let alone those that got away I ondon's Daily | Ielegraph describes the salmon season, which began in January and continues antil November as possibly the worst on record Says a seasoned Scottish fishing guide Yell have observed that when Charles wants to give his Princess casting lessons he takes her doon to the Dee But when he wants to catch fish, he makes awa for Iceland In fact the Prince of Wales did better than most other anglers this year when he landed one salmon in only five days of fishing On average fishermen have had to spend 18 days in their waterproof wading gear this year before catching a single salmon

The dearth of the highly prized game fish in Scottish rivers follows a decade-long decline in the total salmon catch of Scotland's sport and commercial fishermen Between 1972 and 1976 the average annual haul was 1,571 metric tons (a metric ton is 2.205 lbs) but in the five years ending in 1981 it fell to 1,184 metric tons. In Scotland, where laws concerning salmon fishing date from 1030, the secline is viewed as a national affront ays Sir Andrew Gilchrist, former chairman of the Highlands and Islands Development Board "The culmination of increasingly bad years is reducing the attraction of salmon fishing in Scotland to almost negligible proportions 'Canada, Norway Salmo salar: a rare haul by commercial fishermen

seen their salmon harvest fall in the past decade Says Larry Snead a U S State Department expert on fisheries Worldwide Atlantic salmon stocks are in trouble '

The fate of Salmo salar is linked to its peculiar life cycle. Like its larger cousin the Pacific salmon the Atlantic type hatches in fresh water. The pair as the young fish are known stay in their rivers until they grow to five or six inches which may take several years. Then they migrate to the sea and make their way to feeding grounds hundreds even thousands of miles away Salmon that have spent several years at sea 'run' or return to their native rivers, throughout the spring

If they survive their far-flung travels that is Because the migratory patterns of Atlantic salmon are well known commercial fishermen can easily catch the tish either at their feeding grounds or as they are about to return to their rivers With increasing clamor Scots are blaming the shortage of salmon in Scottish rivers on the perfectly legal internationally negotiated agreements that allow fishermen from numerous Luropean nations to net salmon in the open North Atlantic

To limit fishing in the vast feeding grounds near Greenland Atlantic nations first negotiated quota agreements in 1972 But salmon born in Scotland often do not swim all the way to Greenland, preferring to feed closer to home near the Faroe Islands a self-governing archipelago linked to Denmark Between 1978 and 1980 the Farcese fishermen who were not bound by any international pacts increased their annual catch of salmon tenfold to almost 1 000 metric tons

In response the ten-nation I uropean Community pressed the Faroes to cut back their salmon fishing. An agreement was reached earlier this year, limiting the Laroes to 750 metric tons between October 1981 and May 1982, and to 625 metric tons the following season. In another accord reached last January after four years of talks, the European Community plus Iceland Norway Sweden the US and Canada created regional commissions to regulate the interception of Atlantic salmon returning to their rivers Says Alick Buchanan-Smith Britain's Minister for Fisheries | The intercepting fisheries we believe are quite wrong They do nothing to increase the stocks of the fish. Britain hopes to ban the netting of returning salmon entirely

Despite these pressures on the salmon population the species seems assured of continued existence. Successful techniques have been developed for the breeding of captive salmon in underwater cages. In Scotland, salmon farmers are expected to produce 2,000 metric tons this year and 4 000 metric tons by 1985

That practice however, offers no solace to sport hishermen Captive salmon may taste like their unconfined brethren, but, since they never swim free they are no substitute for the rapid-swimming fish who have tantalized fishermen for centuries in the pools and eddies of Scotland's wild streams - By Kenneth M. Pierce. Reported by Tom Levenson/London

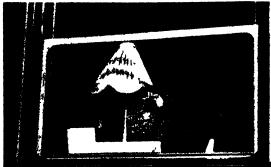


and the Republic of Ireland have also To catch fish, Charles makes for Iceland

Living

The Once and Future Train

Europe's fabled Orient Express returns in pristine splendor





French conductor inspecting train at Boulogne

Passenger gazing out of cabin window: the wine cellar on wheels is more than adequate

It was known in its gilded heyday as the train of kings. It also transported in regal splendor diplomats, divas and duchesses the beau monde and the deminionde, maharajahs moguls and con men courtesans, couriers private eyes and spies Thundering across empires to the edge of Asia the Orient Express was the most celebrated train in history. It retired ignobly in May 1977 aged 94 a shrunken outcast of the hurry-up age Then, last May it rose again in all its pristine opulence as a regularly scheduled year-round train luxe plying between London and Venice The once and future train is called the Venice Simplon Orient-Express (VSOI) Among recent passengers on both the south- and northbound runs was TIMI Senior Writer Michael Demarest who once rode the fabled express as a boy. His report

• o board this train, ' intoned James B Sherwood, 'should be an event We re not selling transportation. It is and they re not thanks largely to Sherwood 49 a hig blue-eyed Kentuckian who heads London-based Sea Containers Group It is this profitable containerized shipping company (1981 earnings \$35.4 million) that owns and operates the new venture, having acquired and refurbished 35 old Orient Express cars over five years at a cost of \$20 million. To emphasize the special nature of the inaugural run last spring, for example passengers were encouraged to wear '20s finery and many did so. On current trips, passengers often don evening clothes for dinner, and the champagne a special VSOE label bottled by Laurent Perrier, flows freely And as Sherwood has promised "The barsalon stays open, and our planist plays on until the last guest has retired "When a Broadway baby says good night,' plunks Giany Dats at the baby grand piano, it's carly in the morning

On the 24-hour, 926-mile London-to-Venice trip, the train leaves Victoria Station at 11 44 a m each Friday and Sunday The northbound VSOE leaves Venice's Santa Lucia Station at 5 25 p m on Saturday and Wednesday The English segment of the train, which does not cross the channel, consists of seven chocolateand-cream cars that were built for the old Orient Express They have comfortable English names like Audrey and Agatha (not for Miss Christie who wrote Murder on the Orient Express) or else daunting classical appellations like Perseus and Phoenix Some English passengers are greeted by name at Victoria by brown-liveried Brian Hannaford, an oldtime Pullman chief steward who has also been restored to service

Rolling through the vitidian Kentish countryside, there is time for a leisurely lunch, a free staunchly English repast designed perhaps to fortify tender tums against the Gallic frivolities to follow At Folkestone, passengers board a reserved veranda deck on the Sealink crosschannel ferry In 90 minutes passengers are ashore at the great French port of Boulogne

There on the quayside, drawn up like grenadiers in gleaming royal-blue livery, stand the 17 cars of the Compagnie Internationale des Wagons-Lits et des Grands Express Luropeens Waxed mirror-

bright they make up the longest (400 me ters) passenger train in all Europe Its eleven wagons-lits three restaurant cars and bar car all first class can accommodate 194 passengers there are two cars for the crew of 30. It may be the greatest display of grandeur the Boulonnais have seen since Napoleon and his army gathered there in 1805 for an invasion of England that never took place.

with a silken rustle, like a grande dame rising from table the VSOI slips away at precisely 544 pm. All the food loaded on at Boulogne is I rench save for the croissants which are delivered hot at dawn in Lausanne Switzerland and are sadly soggy. The chef on board is Michel Ranvier a graduate of the renowned Paris restaurant Jamin he was approved by Sherwood, who is the author of an excellent gourmet guide to London The train's general manager is Claude Ginella, formerly with the Savoy in Rome and the Meurice in Paris

As the train rushes through steepled villages and stoned forests, past vineyards, lakes and battlefields, young multilingual porters, mostly hotel trained stow

One of the elegant paneled toilets at the end of each car: "Every coach had a different story"





a display of grandeur like nothing since Napoleon

the guests bags bring drinks and tend the little coal stoves that provide hot water Attendants also take carc of all passport formalities. The bubbly flows People meet and chat easily. The ineals whipped up in a space hardly bigger than most apartment kitchens, include dinner and a next day brunch. They would probably earn the folling restaurant one toque in the Gault-Millau Guide After dinner Chef Ranvier gives one impressed guest his recipe for le tore gras de canard cuit naturellement At brunch, tocketing through the broad plains of northern Itah there is an exceptional dish of small Ehickens with Albufera sauce. The wine cellar on wheels is more than adequate The train pulls into Venice at 12.52 p.m.

Since the inaugural run which was sped on its way by a 25-man band of the Coldstream Guards the passenger list has included English loids and ladies show-biz aristocrats and crowned heads of industry. One passenger this summer was Actor Sidney Poitier with his 30 pieces of luggage. On a trip from Venice to Paris, a group of 14 Arabs celebrated the birthday of a Saudi princess, the Dom Perignon gushed like crude.



Dinner aboard as the V.S.O.E. rushes through steepled villages and storied forests of France

But the cars are the stars Built mostly in the late 1920s, they are jewels of art deco crystal and cabinetwork. Some were discovered rotted and unrecognizable on remote railroad sidings. One had been used as a brothel in Limoges during World War II another had been tenderly maintained by a schoolmaster at Lton Lach car had to be equipped with modern wiring insulation safety glass fireproofing and brakes. Much of the marquetry and uphoistery had to be remade, some of it to the original specifications, discovered miraculously at a cabinetmaker's in Chelmstord England Some 250 Orient Express artifacts from bud vases to rose silk-shaded lamps were re-created

n effect, the curator for this romantic restoration was Shirley A M Sherwood wife of the shipping ty coon and an Oxfordeducated research biochemist. I very coach had a different story—she says, and a plaque in each car traces its provenance. The most exquisite of all is a dining car with eight frosted-glass panels handcrafted in the style of famed 19th century. French jeweler Rene Lalique. The sleeping compartments nine to twelve to a car, are marvels of compact beauty, with comfortable bench seats that convert into up-

per and lower berths mahogany drop tables and inlaid doors enclosing an ornate washbasin there is a magnificently paneled toilet at the end of each car

The train once went to Islambul, but there is no longer enough demand for that service As it is the VSOE is booked solidly through October and the company has laid on a third weekly trip from London to Venice On Sept 1 according to Sherwood the Orient Express will be in the black. If occupancy continues at the present rate of 80%, he expects the company s investment to be repaid within four years In its first month or so Sherwood concedes he received a lot of complaints They ranged from US tourists grumbling about the sweetbreads on the dinner menu to the bumpy suspension, and erratic service by crews unattuned to the jolting of cramped trains from his mail at least Sherwood is now satisfied that the VSO I is running smoothly

Few complaints are heard aboard J Carter Beese Jr 26, a Baltimore stockbroker who invested \$4 000 in this his first European vacation, figured that the \$440 (plus dinner and drinks) for his Venice-Paris ticket was only \$180 more expensive than the economy airfare for the journey Caroline Rohm, a fashion designer from New York who buys fabric in Italy twice a year, predicted that she and I riend Henry Kravis a Manhattan stockbroker, will 'sell 200 seats with their glowing accounts of the journey

Tony and Gisela Bloom an attractive South African couple making the London-Venice run compared the VSOE to the Blue Train which runs between Pretoria Johannesburg and Capetown and is considered one of the world's most luxurious. It was Iony Bloom who provided the only honest-to-Bond suspense on one triphe found \$17,000 in a dirty roll of bills next to the piano. The money was claimed an official reported by "a Frenchman Mystery and intrigue are not dead on the Orient Express."

Kitchen staff serving meal: sweetbreads were so-so, chicken with Albufera sauce exceptional



Cinema



Romand and Dussollier in Mariage: exploring the perils of a misplaced dream

Adventures in Hopeless Love

THE NEST Directed and Written by Jaime de Arminan LE BEAU MARIAGE Directed and Written by Eric Rohmer

ne usually thinks of sexual obsession as an undetected virus of the soul, a bug caught some time in the formative years but remaining dormant until some temporary weakness of the mind or spirit permits it to break loose Surely such a classic pathology lies behind the unexpected passion that afflicts the otherwise kindly and harmless Don Alejandro in a wise and compassionate Spanish film called The Nest The strength of Ltic Rohmer's equally excellent Le Beau Mariage is that it shows how rationalism, which is supposed to immunize us against out more maddened desires can when indulged in to excess also provide a breeding ground for love gone lunatic.

The Don, to take up the simpler but perhaps more moving case first, is a widower, standing on the cusp of old age. living on his late wife's money on a ranch somewhere in Bunuel country. He reads plays chess against a computer vigorously conducts the music he plays on his hi-fi Sometimes he visits his mistress in Salamanca more frequently he calls on his only friend a priest, to chide him with anticlerical chat He has become less worldly than the good father and easy prey for Goyita a 13-year-old schoolgiil (Ana Torrent of Cria), an instinctive siren who senses in him despite their differences in age and sex a kindred eccentricity of spirit. He is a very clean old man (especially as portrayed by the innocent-eyed Hector Alterio) and it is she who lures him on into an affair that is chaste sexually utterly enthralling emotionally The switch—it is the child who entraps the adult who is victimized is full of delicious irony. But it is with dark definess that Writer-Director Arminan has Goyita increase her demands on Alejandro until she brings him to destruction herself to an awareness of female power. One goes smiling to the film's tragically romantic close.

A similar dry wiv spirit something of a trademark with Fric Rohmer (Claire's Knee, The Aviator's Wife) moves through Le Beau Mariage A brisk young woman named Sabine (Beatrice Romand) quite sensibly grows tired of transitory affairs (and the preoccupations married men bring to them) and calmly informs friends and family that she is about to mairy though she does not yet know whom She is confident however based on past experience that she can enshare any man she wants. Her choice is a good-looking lawver (Andre Dussollici) the right number of years older, the right amount richer than she Trouble is he politely refuses to fall in with her plan. The rest of the movie offers us the mildly sadistic pleasure of watching misplaced confidence crumble into obsessive scheming as Sabine tries to make her quarry see the error of not obliging her The film has salutary things to say about the perils of self-absorption and about the need to consult other people before we try to make them live inside our dreams Sometimes Rohmer's portrait of a woman who speaks her mind all too certainly becomes grating, it is always good to like the person you are laughing at But her creator's intelligence is, as ever, bracing and pleasure enough to encounter in any circumstances --- By Richard Schickel

Rushes

PINK FLOYD THE WALL

Maggots' Corpses' Brutal cops' Fascist regalia' Devouring moms' Faithless wives' And on every possible occasion blood spurting and puddling. At the center of the chaos an innocent everyboy (Bob Geldof lead singer with those punkers' punkers, the Boomtown Rats) broods about how iniquitous life is driving him crazy It is a story so familiar that it requires almost no dialogue to tell Simpleminded songs from the Pink Floyd's 1979 five-time platinum seller do the job along with banal, if sometimes lively imagery supplied by Director Alan Parker (Fame Midnight Express) He has warmed over and slicked up an anthology of '60s clichés which may engender a certain nostalgia for the drear old days in those who endured them Today's adolescents sit gap-mouthed and squirmless through them mistaking them it would seem, for profundities. Not to worry though the movie is more irrelevant than incendiary and often just a hoot

SUMMER LOVERS

Writer-Director Randal Kleiser demonstrated in Blue Lagoon that an air of innocent wonder can disarm all parental harrumphing about a movie that is essentially wall-to-wall sex and nudity. Now he has moved his operation from the Pacific to the Greek islands. Instead of titillating his young audience with a little sanitized incest, he offers them a genial disquisition' on the joys of the *menage a trots* Visually however, the formula is as before--plenty of skin displayed before Arcadian scenery The boy (Peter Gallagher) has a male-model pout for all emotions and his American girlfriend (Daryl Hannah) obviously flunked elocution in high school but their mutual friend from I rance (Valerie Quennessen) carries a nicely knowing quality about her. The writing and direction are appropriate to the setting simple and primitive

FRIDAY THE 13TH PART 3 IN 3-D

Maybe all sequels should be made in 3-D Imagine how tiresome it would be to see Jason the monster in the hockey mask, polish off another group of dumb teenagers in an ordinary print But this time, as they gambol through the woods whose mean paths he endlessly stalks, the sundry sharp and blunt instruments that are always ready to his hand come at them and the audience with a certain vivid super-igality It is all so gruesome that horror turns to humor and the fun comes from the appreciation of being cleverly conned by Director Steve Miner The way the eyeball of one of Jason's victims pops out of his skull and seems to sail out over the audience's head is alone worth buying a ticket and putting on the funny glasses

Essay

The Inevitable Limits of Security

\$\frac{144}{A}\$, soon as there is life—says Ralph Waldo Emerson there is danger—Likewise as soon as there is danger there is the urge to ward it off. This most fundamental of human impulses is not really remarkable except when it turns into a compulsive wish for absolute safety. The question is whether the widespread preoccupation with security is on the verge of leaving reasonableness behind.

Today's popular feelings of insecurity often resemble an obsession. As a result of our fear—says one major study of American attitudes toward crime—we may soon be living in aimed fortresses—both at home and within ourselves. Government and private efforts to guard against violence are steadily becoming private elaborate and conspicuous especially in the U.S. Not every principality has gone to the extremes of Chicago, where Mayor Jane Byrne has more personal bodyguards (17) than most national heads of state, and yet evidences of extraordinary concern have been steadily multiplying.

The signs range from the universal electronic frisking that is now so famil. iar at all airports to the continual expansion of civil-police systems. The craving for safety also accounts for the swift growth of the private-guard industry the spread of restrictive cautions like visitor-monitoring in apartment buildings the proliferation of courses in self-detense and antiterrorisni tactics the preoccupation in households with locks and alarms, the 1 deployment of attack dogs and the epidemic sales of private handguns. Actor Tooy Rogers was only typical when he excently took a stand against handgun restrictions in California have to shoot me first to take my gun. I wouldn't feel safe if I didn't have a gun in my house. Increasingly corpora-

tions and especially multinationals whose executives travel to turbulent countries do not feel safe without security experts on their payrolls

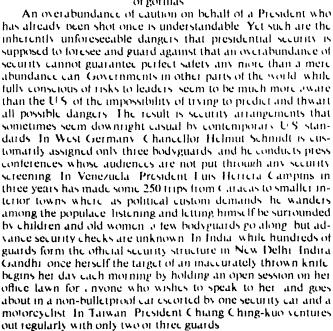
Bodyguards have even become a sort of status symbol. Affluent communities like the star-studded Malibu colony in California hire private sentinels to augment whatever protection they get from local police. Aides to Playboy Enterprises Chairman Hugh Heiner boast that his personal-security arrangements approach presidential class. Fight security men were on hand when Actor Robin Williams recently turned up in New York. City for the opening of the World tecording to Garp. Said the Washington Posts. Fair column in a midsummer rundown of tashionable Ins and Outs. Bodyguards are deeply In

The security binge is not however a matter of mere style. It is taken seriously almost everywhere, but nowhere more seriously than among the leaders of the world or at least a nong those responsible for protecting them. When the Prime Ministers Premiers and Presidents of the West congregate in one of their summit junkets one of the biggest attendant stories is about the forestidable apparatus of guards and safeguards. At Versailles where this year is economic summit convened more than 2,000 sentinels (police soldiers and such) were mobilized plus hundreds of other security experts and agents brought along by the seven major participants. At moments it seemed that security instead of economics was the name of the summit game.

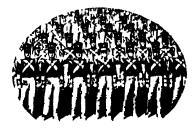
Given the variety sophistication scope and sheer quantity of safeguards put in place in recent years one might conclude that the world has been made safet. No such conclusion seems to be warranted though witness the unflagging zeal of the continued quest for safety. Added precautions never seem to reduce feelings of insecurity very much or for long. This may not be as odd as it seems at first. After all, while no strategy is ever entirely reliable in forestalling trouble, any safety measure can be counted on absolutely to keep people mindful of the possibility of threats. Result, feelings of anxiety instead of screnity.

The White House provides an illustration. While the security apparatus that has evolved there should assure. Americans that their President is fully protected it actually reminds everybody that danger is constantly at hand. The system has turned the President into a fleetingly visible leader who even as he leaves a press conference held inside the White House is surrounded by guards. Presidential security, provided by numbers that are kept secret for security reasons is sufficiently large to give Ronald.

Reagan's entourage when the President travels, something of the air of an imperial expedition. Hundreds go along when the President flees to Barbados or his California ranch for a vacation. On this summer's junket to England after the Versailles summit Reagan security was so realous that his managers insultingly proposed having White House food tasters monitor the Windsor Castle meal that the Presi dent was to share with Queen Hizabeth and British Prime Minister Margaret Thatcher. The presence of the White House guards was heavyhanded enough to incite one Member of Parhament. John Wheeler (also director of the British Security Industry Association) to say. Very frankly your President was surrounded by a bunch of gorillas



Pope John Paul II preferred his security to be as unobtrusive





as possible before he was shot last year and,

as possible before he was snot last year and, in spite of the heavier security since installed around him still insists on relative freedom of movement. Away from the Vatican amid crowds, he keeps breaking through his security cordons to press the flesh of those who turn out to see him. When he did so in Fatima. Portugal last spring a man disguised as a priest lunged toward him with a bayonet. This is not the first attempt on the life of the Pope. the Pontiff said later, "nor will it be the last."

An attitude of resignation in the face of imponderable risks is not unusual among top leaders, sooner or later most realize anyone in high office can turn into a target for an infinitude of reasons or for no good reason at all. In the 19th century Abraham Lincoln abjured heavy protection both because he was tatalistic and because the no-

tion of a palace guard offended him. And a century later John F Kennedy said. If anyone wants to do it no amount of protection is enough. All a man needs is a willingness to trade his life for mine Such a view chilling though it may be, fits reality When human violence is able to strike the famous it is not always or even usually because of the absence of security. When John Wilkes Booth shot Lincoln the President's sole bodyguard had stepped out for a drink true, but it is also true that when Lee Harvey Oswald shot Kennedy 28 Secret Service agents and some 600 police had been deployed to protect him. The limits of even the closest guarding were never made clearer than in the fatal shooting of President William McKinley as he took part in a reception line. Assassin Leon Czolgosz had to go through two columns of soldiers and police to reach McKinley who, even as the shots were fired was closely surrounded by four detectives four soldiers and three Secret Service agents

It is only the backward look that makes past assassinations and other security breaches seem preventable. But hindsight tends to overlook the fact that the one thing common to all such assaults is that they were utterly unforeseeable. Reality leaves security planners in the position of those generals who used to spend their careers planning to fight the previous war, plans to forestall assassinations like previous ones doubtless exist in abundance in security offices all over the world. What no securi-

ty organization on earth can possess is the plan to ward off what is utterly beyond predicting—a John Hinckley landing as randomly as a fallen leaf outside a Washington hotel, a death squad popping out of the very middle of a military parade to put an end to Egypt's Anwar Sadat

This summer's Buckingham Palace ca-

This summer's Buckingham Palace caper is now long enough past to be pondered as a wiy lesson in the limits of security. Here was a case of an unlikely culprit with inscrutable motives intruding into a royal fortress by climbing a fence, entering unlocked windows shinnying up a drainpipe and passing through electronic surveillance gear that failed to work. He completed his visit to the Queen in her boudoil while police failed to respond promptly to either automatic or telephone alarms. Afterward, authorities tightened security, then soon re-

coided two further breaches of it. Enduring lessons culprits are always unlikely their motives are always murky, every fence in climbable somebody always leaves some window open mechanical systems will never be perfectly reliable authorities can never be absolutely counted on to respond speedily to emergencies, and, finally tightened security systems can often be breached just as easily as loosened ones.

It would be callous or worse to scoff at efforts taken anywhere to make people safer. The important and powerful will always have to be given special protection because they face special risks. Moreover, nobody should have trouble understanding why the U.S is more anxious about security matters than other parts of the world the U.S is in fact more dangerous than other countries. In 1980, according to Handgun Control in Washington, murders by handgun alone killed eight people in Canada, eight in Britain and 11,522 in the U.S. Such facts, never mind the history of frequent assassination attempts, dictate that ordinary people as well as Presidents, must move about with considerable care.

To see the limits of the utmost care however is not to scoff. It is to realize that those who meticulously plan for safety are rational people caught up in the task of trying to anticipate the will-o-the-wisp quirks of irrationality. To suppose it can be done without failures is to trade in rationality for some false sense of security.

—By Frank Trippett

Milestones

BORN. Io **Donna Summer**, 33 sultry queen of disco and **Bruce Sudano**, 33 songwriter the co-wrote Summer's *Bad Girls* and Dolly Parton's *Starting Over*) their second child, second daughter in Los Angeles Name Amanda Weight 7 lbs 6 oz

DIVORCED. Anne Gorsuch, 40 confrontational antiregulationist head of the federal Environmental Protection Agency and David Gorsuch, 45 a Denver attorney on grounds of an irretrievable' break after 18 years of marriage three children in Denver. They separated two years ago she won custody of the children.

DIED. Patrick Magee, 58 Irish actor who gave broguish voice to Samuel Beckett's muse (*krapp s Last Tape* and several other Beckett plays were written with him in mind) and a 1966 **Tony** winner for his Marquis de Sade in the Royal Shakespeare Company's New York City production of *Marat Sade* of a heart attack in London Magee supported his stage art

by playing film heavies, most recently a Colonel Blimpish Olympic Committee member in 1981's Chartots of Fire

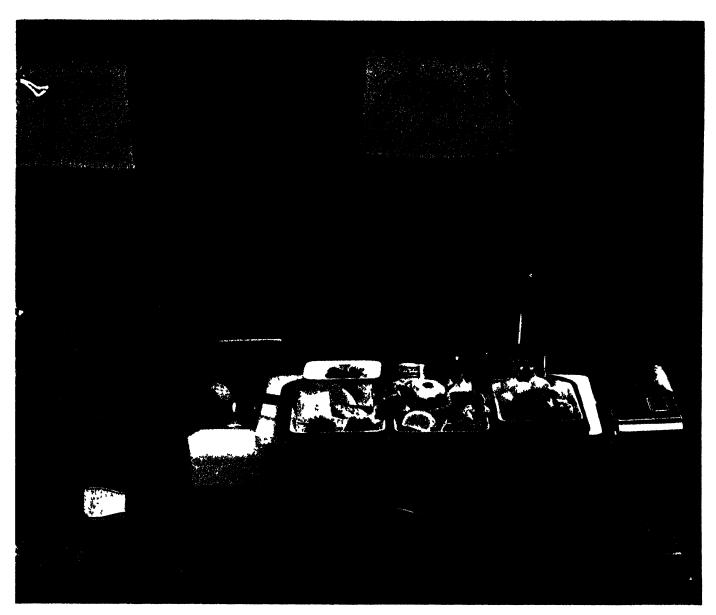
DIED. Ernie Bushmiller, 76 cartoonist who for half a century turned out his daily comic strip Nanc) now syndicated in more than 600 newspapers of a heart attack in Stamford Conn. He turned to cartoons featuring the simply drawn, beady-eyed Nancy Sluggo and Aunt Fritzi after concluding that he had less talent than his fellow art students.

DIED. Axel Hugo Teodor Theorell, 79 biochemist and winner of a 1955 Nobel Prize for his discoveries about enzymes and their role in helping the body's cells to use oxygen, of heart disease, in Stockholm Crippled by polio as a young man, he abandoned his plan to practice medicine and went into research instead

DIED. George Woods, 81, World Bank president from 1963 to 1968 and a founder of

First Boston Corp, a leading Wall Street investment house of cancer at his vacation home near Lisbon Portugal Son of a Brooklyn shipyard worker Woods rose to become what Banker David Rockefeller called "one of the two or three top investment bankers in the US and perhaps the world

DIED. Loyal Davis, 86, Chicago brain surgeon and adoptive father of Nancy Reagan of congestive heart failure in Scottsdale, Ariz Developer of a special shrapnel helmet for air crewmen in World War II. he was president of the American College of Surgeons in 1962-63 Davis criticized shoddy medical training, which, he said, meant that half the operations in the US were performed by inadequate surgeons An outspoken political conservative, he influenced Nancy (whom he adopted when she was 14 after he married her mother) and later his son-in-law Ronald Reagan Said Nancy of him last May 'He taught me discipline by example '



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Books

Master of Postliterate Prose

Stephen King packs pop images into scary bestsellers

ortor has been frightfully good to Author Stephen King He expects to earn about \$2 million this year mostly as a result of making people's flesh crawl The number of his books in print (predominantly paperbacks) climbs toward 40 million Indeed his pot currently boileth over Creepshow an original King screenplay directed by George Romeio | ed over its head (Night of the Living Dead) will be released in October a \$6.95 comicbook version of the script has just been published by New American Library as part of the promotional hoopla. An adaptation of Firestarter the sixth of King's seven novels, is being filmed in Michigan where local residents have eagerly offered to sell their homes for use in the movie's incendiary conclusion And King's tenth book in eight years, with a hard-cover 200 000 first printing, began topping bestseller lists weeks before its official publication

Those who have already rushed out to buy Different Seasons (Viking 527 pages, \$16.95) may be a trifle shocked by what they have brought home a collection of four novellas. only one of which offers the chills that have become King's trademark. The Breathing Method is an eerie account of a terribly unnatural childbirth. But the other three though sporadically gruesome, come without king's customaiv trimmings. Gone are varieties of telekinesis (Carrie Firestarter) and precognition (The Shining The Dead Zone) There are no vampires (Salem's Lot), apocalyptic plagues (The Stand) or satanically rabid Saint Bernards (Cujo) The only reader likely to find these long tales truly frightening is an King relaxes near one of his two houses in Maine spooky examples of what can be called postlituate prose

The genre is new, its methods still in the formative stage, but King is its popular master Different Seasons offers a dazzling display of how writing can appeal to people who do not ordinarily like to read King uses language the same way the baseball fan seated behind the hometeam dugout uses placards to remind those present of what they have already seen In Apt Pupil for example a 13-yearold boy tracks down a Nazi war criminal hiding out in his own Southern California suburb When he confronts the fugitive the youth is disappointed by the old man's accent "It didn't sound well authentic Colonel Klink on Hogan's Heroes sounded more like a Nazi than Dussander did 'Perhaps a teen-ager might find a TV sitcom more vividly real than a phenomenon that predated his birth. But members of his immediate family are judged in the same way Dick Bowden, Todd's father, looked remarkably like a movie and TV actor named I loyd Bochner When Todd finds himself in a dilemma, he mentally goes to the movies. He thought of a cartoon character with an anvil suspend-



old-fashioned book lover they are 'I'll always write hecause that's what I do hest

Such perceptions spare readers the task of puzzling them out. They short-circuit thought plugging directly into prefabricated images. And they are by no means limited to young characters. The narrator of The Body, Gordon Lachance shares king's age, 34 and occupation he is a 'bestselling novelist who is more apt to have his paper back contracts reviewed than his books 'He tells of an adventure he had in 1960, when he was twelve, he and three friends set out to discover the body of a boy who has been reported missing from a neighboring town in southwestern Maine He gives his story a sound track at appropriate moments 'Scary violin music started to play in my head "He is crossing a railroad bridge over a river when a train materializes "The freight's electric horn suddenly spanked the air

into a hundred pieces with one long loud blast making everything you ever saw in a movie of a comicbook of one of your own daydreams fly apart, letting you know what both the heroes and the cowards really heard when death flew at them WHHHHHHHONNNNNK' He describes a hailstorm in a forest 'Instead of whispering of talking, the woods now seemed alive with hokey B-movie jungle drums' At last they find the body and Lachance speculates about how they must appear to the corpse, if it could see 'Like pallbearers in a horror movie

Even King's elderly characters talk as if they had spent their lives at Saturday kiddle matinees In The Breathing Method, an old physician sits in an exclusive Manhattan club spinning a long-ago yarn. He recalls the terror he once saw on the face of an ambulance driver 'His eyes widening until it seemed they must slip from their orbits and simply dangle from their optic nerves like grotesque seeing yo-yos In postliterate prose reality is at its most intense when it can be expressed as an animated drawing

King is not the first to turn his ficpop culture. Writers as dissimilar as Thomas Pynchon and Donald Barthelme have toyed for years with the mass-produced icons that have invaded the communal memory. But King takes them dead seriously and so, evidently do his millions of readers A do-2 voted child of the audiovisual age, the millionaire author still likes to get up in the morning and switch on rock in roll King, his wife Tabitha and their three children alternate between an airy modern house in a Maine village and a 23-100m Victorian extravaganza in Bangor Wherever he happens to be, King compulsively churns out 1,500 words a day, just as he has done since the late 1960s when he was an English major at the University of Maine 111 always write because that's what I do

best," he says 'There are people who go to psychoanalysts for 20 years to try to understand why they have certain interests and feelings I just indulge them

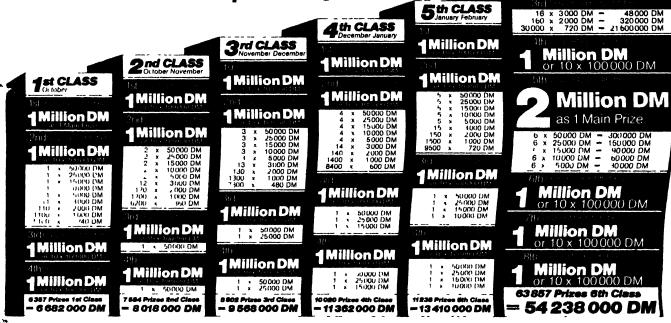
He is both pleased by the popular response to his writing and irked by charges that he is cynically exploiting a lucrative market 'I m as serious as I know how to be when I sit down to the typewriter ' Different Seasons is, in fact, his bid to be recognized as something other than a writer in a fright wig 'I ve worked on it harder than anything I've ever done. The book may not win him critical respect, but it does suggest that horror, after all, has been incidental to his stunning success. For every scare he has given his readers, he has provided more than enough reassurance Life is stock footage, ancient history means The Flintstones ---By Paul Gray

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Books

Notable

SOMFONE EISE'S MONEY
by Michael M Thomas
Simon & Schuster 511 pages, \$14 95

he worlds of art and high finance have sometimes seemed inseparable over the past two decades. If the dogged substitution of price for quality has defied good sense and good taste, fiction has been a major beneficiary Yale-educated Michael Thomas, who at 46 has had successful careers in both milieus (the Metropolitan Museum of Art. Lehman Brothers) has distilled from the darker lunacies of these worlds a novel of crackling humor and mordant observation. Its biggerthan-Barron's protagonist is Oilman Buford (' Bubber ') Gudge IV who has been content to nurse his multibillion-dollar fortune in the Texas Panhandle until lust and vengeance propel him forth like a plague of pissants

Gudge has two serious problems he is dying of cancer and he is totally at the mercy of his new wife Caryn a dexterous Texas tart who has decided that she wants nothing less from Bubber than the most dazzling collection of Renaissance art left in private hands Unfortunately, the pictures are not for sale. In addition, the dying man is hell-bent on getting even with a half-sister who once cheated him and a Senator who once humiliated him on IV Gudge's revenge involves a vast investment swindle that will administer America (in the author's words) a convulsive purifying shock at the core of its folly 'ie, Wall Street

This assault on the free enterprise system is devastatingly successful and so, despite its complexities is the author's handling of the caper. Its most memorable victim is Granada Masterman, Gudge's lumpy half-sister, who has built a door-to-door beauty-products business into an army of 14,000 Masterwomen that resembles more a religious cult than

Michael M. Thomas

Poseurs, cultural pimps and likable rascals

the Avon sorority Granada aims to buy her way to social acceptance via the stock market and art patronage, and I homas depiction of the scramble of ars gratia ego is both deeply knowledgeable and unnerving

If the novel has a hero, it is Nicholas Reverey an honorable, fortyish art dealer who has an eye as acute as the late David Carritt's The love interest is provided by Jill Newman, who manages to churn out gossip for a rag called *That Woman'* as well as an authoritative column for a financial weekly As in his first novel *Green Monday* Thomas has assembled a picaresque cast of cutthroats, poseurs, cultural pimps and likable rascals But the author's true love is for art, the canvases, the places and the people, of which he writes at times with the clarity and luster of a Rubens of the school of

BACK TO BASICS by Burton Yale Pines Morrow, 348 pages \$13 50

he election of Ronald Reagan argues Buiton Pines was the political culmination of a rising tide of popular disenchantment with the dogmas of postwar American liberalism. In a comprehensive and sympathetic survey of the social and economic issues that have galvanized conservatives neoconservatives, evangelicals, Moral Majority members and the New Right Pines finds the source of this counterrevolution in the backyards of millions of resentful Americans Resurgent traditionalism he writes "is most dynamic at the grass roots, in life's very private, yet most critical sectors. There, legions of Americans are going back to basics in education, back to Scripture and spirituality in religion, back to trusting the free enterprise system, back to appreciating the nuclear family

Pines, a former associate editor of TIMF and current vice president of the conservative Heritage Foundation in Washington, DC, presents an academic analysis of these loosely connected move-



Burton Pine

A journey through traditionalist America

ments, an anecdotal account of their struggles and a manifesto for furthering their goals His "journey through traditionalist America" covers the social and family issues of those who oppose the ERA and busing, the economic worries of those who are fighting for supply-side tax cuts and deregulation of industry, and the foreign policy concerns of those who favor a tougher stand against Soviet adventurism "Many of the sinews binding the movement's parts are basic conservative tenets, such as affirming authority, discipline, a moral order with a hierarchy of values,' he writes Whether these are signs that the US has 'begun a new era,' as he claims, is debatable. But the underlying forces that Pines weaves together in his book have indeed proved powerful in the political arena

Editors' Choice

FICTION: The Anatolian Elia Kazan
Aunt Julia and the Scriptwriter
Mario Vargas I losa
Family Trade James Carroll
Famous Last Words Timoths
Findley • The Cirl of the Sea of
Corter Peter Benchles
The Woods David Plante

NONFICTION: The Correspondence of Botis Pasternak and Olga Freidenberg edited by Elliott Mossman • Going to the Dance Arlene Croce • The Killing of Bonnie Gailand Willard Gaylin Love Eleanor Joseph P Lash Midnights 4lec Wilkinson • The Red Smith Reader edited by Dave Anderson

Best Sellers

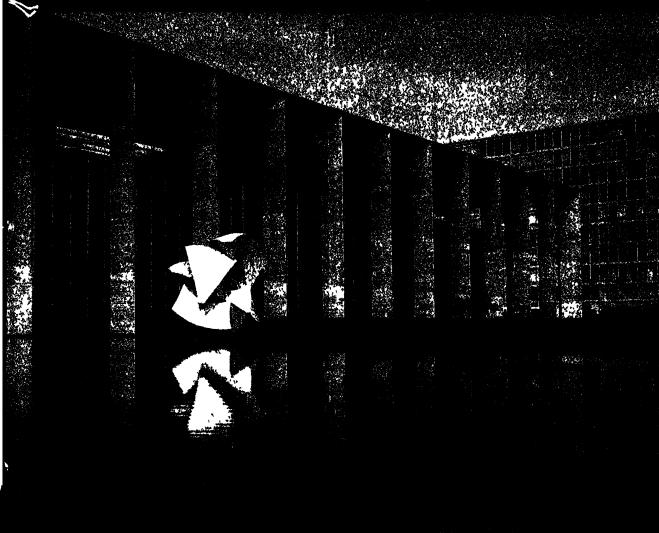
FICTION

- 1 Different Seasons, King (1 last week)
- 2 The Prodigal Daughter Archer (2)
- 3 The Parsifal Mosaic Ludlum (4)
- 4 Cinnamon Skin MacDonald (5)
- 5 The Case of Lucy Bending Sanders (3)
- o The One Tree, Donaldson (6)
- 7 Touch the Devil, Higgins (7)
- 8 The Man from St Petersburg, Follett (8)
- 9 North and South Jakes (9)
- 10 For Special Services, Gardner

NONFICTION

- 1 Jane Fonda's Workout Book Fonda (2)
- 2 Life Extension Pearson and Shaw (1)
- 3 When Bad Things Happen to Good People, Kushner (3)
- 4 Living Loving and Learning, Buscaglia (4)
- 5 Richard Simmons Never-Say-Diet * Cookbook, Simmons (6)
- 6 Princess Lacey (5)
- 7 No Bad Dogs, Woodhouse (7)
- 8 How to Make Love to a Woman, Morgenstern (8)
- 9' A Few Minutes with Andy Rooney, Rooney (9)
- 10 Indecent Exposure, McClintick
 Computed by TIME from more than 1 000 participating bookstores.

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4

airplane manufacturer in the western world Brazil's modern assembly lines are busy in other areas as well manufacturing quality shoes, textiles, canned sweets, electrical appliances, hospital medical equipment, and many other products, all for export to the world's key markets. Also going abroad diverse technology and other in-demand services Thanks to its development of economical, efficient hydroelectric power (estimated potential 213,000 MW) Brazilian industry is developing rapidly and profitably on many fronts To keep pace with these fast-moving changes, Brazil has a bank thoroughly qualified and staffed to help orient businessmen in their commercial transactions with Brazilian

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Beirut Ablaze

🛬 Editors

Organization hiding behind the children of Beirut [Aug 16] reinforces Golda Meir's words, 'When peace does come we will, perhaps in time, be able to forgive the Arabs for killing our sons But it will be more difficult for us to forgive them for having forced us to kill their sons "

Charles Thaler New York City

Prime Minister Begin's blatant disregard of US efforts to negotiate diplomatically the withdrawal of the PLO from Lebanon is infuliating, especially since we have given Israel \$7.15 billion in ecommic aid since its founding All we ask is that Israel recognize its obligation to cease the killing and wounding of innocent civilians

Deborah J Lockhart Boston



Even though Prime Minister Begin defies the whole world by refusing to stop the massacres in Beirut, the Israeli people should have the courage to tell him that Palestinians and Lebanese, like Jews deserve the right of not having to kneel except to God

Samı W Habıby Houston

Among all the verbiage and glossy photos of bombs exploding in Beirut, one must not forget that the shelling has been brought about by the PLO's tactic of establishing itself amid the civilian population and refusing to leave the city. The disunity and weakness of the Lebanese as well as their unwillingness or inability to expel the terrorists must also be viewed as some of the factors leading to the present situation.

Eugene Schoenfeld Warwick, R I

Who ever heard of an army besieging a city and at the same time supplying its

Letters

enemy with water, food and electricity, in addition to ample time for bargaining?

Mati Alon Jerusalem

Place for Prayer

TIME's article 'The Politics of Prayer' [Aug 9] raises some questions that have not been fully considered Our country is increasingly multiracial multilingual and multireligious. There is no way a public school can satisfy the religious needs of all. The solution is to let the churches, synagogues, mosques and ethical-culture organizations provide the prayers and religious teaching on Saturday and Sunday and allow the public schools to do the job for which they were designed in the remaining five days.

Ina C Brown Nashville

I do not understand why President Reagan wants to put prayer back into classrooms. The majority of students at my school have no desire to pray there. We can go to church for that One cannot dictate morality, which is what President Reagan is trying to do with this amendment.

Molly Rhodes
Los Altos Calif

We need prayers in our schools If it is all right to pledge allegiance to a nation under God and sing God Bless America, why not a simple daily prayer? In starting its day, Congress asks for God's help Surely it cannot be wrong for our children to do the same thing

Doris K McCoy Lake Elsinore, Calif

Rescuing Weirton

It would be wonderful if the people of Weirton banded together and successfully purchased the faltering Weirton Steel Co [Aug 9] Watching Weirton Steel rise from its own financial ashes would inspire other companies in similar predicaments, like those in my home town of Pittsburgh With much hard work Weirton might pull it off

Ned Mamula Herndon Va

You described the Weirton buyout as "a kind of homespun socialism". Rather the story appears to be about a heartening attempt at grass-roots capitalism that could be good for us all

Kevin W Free House of Representatives State of Delaware Dover, Del

Urban Forests

In your article 'New Danger in the Wilderness" [Aug 16], pot growing is mentioned along with such crimes as

murder rape and robbery Surely a story on crimes like satanic disembowelment of animals assault and dead-body dumping should not include the cultivation of a plant that is consumed by 25.5 million Americans and that one week earlier you noted was the fourth largest cash crop in America. The only crime committed by the marijuana growers is the profit accrued and the taxes not paid

Biddy Gleeson Freiburg West Germany

Administrators of our national wilderness have erred by promoting the idea that parks are for people. The problems discussed in your story are caused by our having made these areas too accessible to the average citizen. By allowing our parks and forests to be part of the tourist industry, we have urbanized a region where man should be only an occasional visitor.

John Lewis Taylor Gallup N Mex

Zack Zapped

Richard Schickel wondered how they ever thought up such a name as Zack Mayo for the lead character in An Officer and a Gentleman [Aug 9] So do I

Zachai y Mayo Manhasset, N Y

Richard Schickel writes that Zack (Richard Gere) 'emerges as a man worthy of having a few million bucks' worth of F-111' Zack is in the Navy so let him fly Navy Why not give him an F-14' The F-111 belongs to the Aii Force

Rocky Grant Tucson

Freedom for Haitians

In response to Letter Writer Ilene Matthews [Aug 16], who "refuses to feel responsible for the Haitian refugees these people have come to the US to escape poverty and starvation Refusing them entry is selfish and racist We have a moral responsibility to anyone fleeing from such conditions

1 yle Glenn Ferguson Pittsburgh

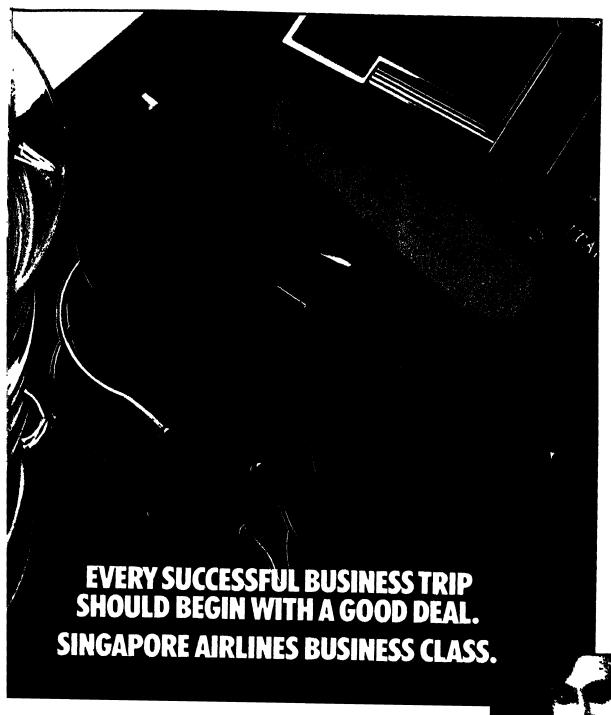
Someone should remind Ms Matthews that in 1915 it was the Americans who went to Haiti They were uninvited and unwanted, yet they stayed for 19 years When they left Haiti was a political shambles, the only power remaining being the police Since then this force under many guises has ruled the country ruthlessly

> Jean Maxwell Cyprien Khaitan, Kuwait

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TIME

ALetter from the Publisher

This week's cover stories on the evacuation of the Palestine Liberation Organization from West Beirut include an evewitness report from Beirut Bureau Chief William Stewart, who

weathered the 69-day siege behind Palestinian lines To cover military moves in the final weeks of the conflict from the Israeli side. Time turned. records since in one jump I leaped behind a stone wall several yards away. When the dust settled I saw the soldier who had warned me lying on the pavement bleeding.

Realizing that all escape routes were blocked. Halevy stuck close to the advancing Israeli troops. Says he I faces were white. Voices were hushed. You could smell the fear, the sweat

and the cordite. A built-up urban area forces everyone to absorb the shelling and sniping. You can only wait hoping that your name is not on the bul-

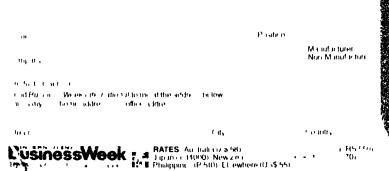
and shells fired. I ortunately, evy's name did not come up that and after 50 minutes which he seemed more like five days he reed to the relative safety of Last ut.

Last week as the conflict in West ut approached an end. Halevy reed to the battleground near the eum. Amid fallen trees (uined ches of houses and the ever presstench of death, people were once e milling in the streets. Notes Hainese enjoy the rare ability to go shelling stops. I still find it very

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: meyers

aph by Robin Mover Black Star



fighters. Despite the election of a new President, the crisis continues as lighting breaks out near the Bertut, Damascus highway, See WORLD.



World: Prosperous democratic and multiracial Malaysia copes with Islamic fundamentalism

► The vst AN alliance after 15 years has reason to celebrate ► Japan apologizes for its textbook revisionism sort of



46
Living. One of the world's most gruching nautical tests a sin elchanded round the world race begins in Newport R.1. The 2'000-mile ordeal will last nearly nine months and test the mettle of 16 hards competitors.

OSPUSOM

filling dangerous gaps

that undermined the

coherence of Ameri

His efforts have won

can forcien policy

him friends in the

White House



32 Wall Street: The market rampages on one of its most awesome trading binges in financial history. But Americans te main concerned about when the long-painful recession will finally end. See ECONOMY & BUSINESS.



28
Education Convinced that specialization is the besetting sin of our time. Philosopher Mortimer Adler has a plan for introducing students to the general store of human knowledge. ► Good te iching methods help dyslexies.

1 Letters

30 Religion

31 Medicine

48 Sport

49 People

50 Environment

: O Milestones

52 Music

54 Behavior

56 Books

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The first American troops coming ashore in Beirut while the U.S. fleet waits near by

World

TIMI SEPTEMBER 6 1982

COVER STORIES

The Marines Have Landed

And the situation is well in hand as the P.L.O.'s exodus proceeds apace



The ships were just offshore riding at anchor, gray silhouettes of power in a classic setting of blue sky bright sunshine and white clouds At daybreak on Wednesday morning last week precise-

ly on time 800 U.S. Marines landed at Berrut Port. Their mission to assist with 800 French and 500 Italian troops in the task of evacuating 7 000 Palestine Liberation.

Organization guerrillas from the Lebanese capital. After the Marines landed they soon had the situation well in hand Said White House Spokesman Larry Speakes the next morning. Everything is going according to plan.

Speakes was referring not only to the arrival of the American forces but to the whole elaborate process of removing the PI O fighters from Beirut By Saturday at least 6 000 of the Palestinians had been

evacuated by sea or land to other Arab countries and the rest of them were expected to leave by the end of this week

The Lebanese crisis was by no means over. The country still contained an estimated 60 000 Israeli soldicis and perhaps half as many Syrian troops, and the two armies might yet wage a full-scale war with each other on Lebanese soil. Last week in fact sporadic fighting broke out between the Syrians and both the Israelis.

which are closely aligned with the Israelis. The Lebanese Parliament had elected a new national president, the leader of the Christian Phalangist forces. Bashir Gemavel, who was despised by many Lebanese Muslims as an Israeli stooge. But the Israeli siege of West Beirut was over and the domination of Lebanon by the

and the Christian Phalangist forces

PLO was at an end

The Marines who disembarked in Beirut quickly took over the port area from the French units that had been there since the previous Saturday. Erist ashore was the flag bearer. Lance Corporal James Dunaway of Hattiesburg Miss followed by 200 men of Company F of the 32nd Marine Amphibious Unit A Marine emblem pinned to his shirt U.S. Special Envoy Philip. Habib who had negotiated the agreement between Israel and the PLO that led to the Palestinians withdrawal stepped







Palestinian fighters heading out. managing to sustain a sense of honorable retreat with flags proudly flying

forward to greet Marine Colonel James Mead commander of the volunteer force

Mead's men were armed with M-16 rifles M-60 machine guns mortars antitank rockets and antitank missiles. But Mead 47 a strapping 6-ft 6-in Bostoman assured reporters that he was not anticipating any use of weapons, because we are here as peace keepers. He added Obviously well use whatever we have in the unlikely event that we must defend ourselves. I must defend myself and my men Mead was also greeted by Colonel Souhail Darghouth commander of the Lebanese army units in the port area Ahlan wa sahlan said the Lebanese colonel Habib who has known a smattering of Arabic since his childhood, told Mead It means you are welcome here

The Reagan Administration went to considerable lengths to assure both Congress and the American public that US troops were in no real danger. Reagan explained that the Marines would play a

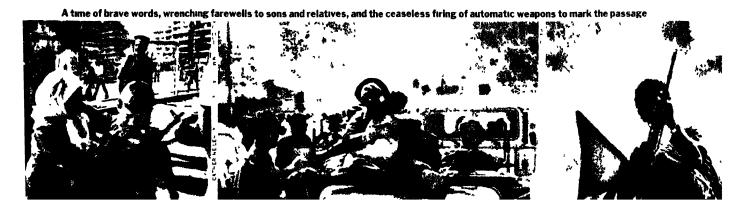
crucial role in achieving the peace that is so desperately needed in this long-tortured city. The President alluded to the fact that 24 years ago a force of 14 000 Marines had been sent to Lebanon by Dwight Eisenhower to support a beleaguered government and that they had suffered a few casualtics. This time declared the President I want to emphasize that there is no intention or expectation that US armed forces will become involved in hostilities - except perhaps for what he called isolated acts of violence To the Marines involved in the mission the President radioed a rousing message You are about to embark on a mission of great importance to our nation and the You are asked to be once free world again what Marines have been for more

than 200 years peacemakers

By the end of the week, the President had reason to be pleased with the progress of the evacuation. To be sure, there were some hitches. The Israelis complained

that in violation of the agreement the first proup of PTO evacuces had been allowed to take their jeeps with them. The I chanese protested that the Israelis were objecting to the placement of French peace-keeping forces in central Berrut More serious was the fighting between Syrian and Israeli forces near the Berrut-Damascus highway in central I chanon. This caused the PTO to postpone a withdrawal over that route.

o solve the problem. I nvoy Habib flew to Tel Aviv for a talk with Israeli Defense Minister Ariel Sharion, who has directed the Israeli military operation in Lebanon. At the meeting Sharon who refuses to describe the removal of the PTO guerrillas from West Beirut as an evacuation asked Habib bluntly. How is the expulsion going? Replied Habib. The evacuation is proceeding according to plan. Habib then asked Sharon to make sure that the



Israeli and Christian forces allow the PLO convoys to pass safely along the highway to Damascus. As a result of the meeting, the overland evacuation of the PLO to Syria began on Friday when a convoy of trucks carrying celebrating guerrillas made the 10 mile trip to the outskirts of the Syrian capital.

For the departing Palestinians, it was a time of brave words and wrenching farewells. In hundreds of cases, men left for unknown destinations, leaving wives and families behind. PLO Chairman Yasser Arafat called the long stepe of Berrut and the evacuation, a victory for the resistance. The PLO did manage to sustain the sense of an honorable retreat with flags flying and the endless cannonades and thunderous voiless of tockets. The departing guerrillas and the friends

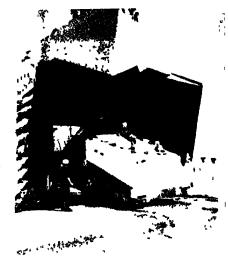
who saw them off fired their automatic rifles and machine guns so furiously that a US. Matine said he felt as though he were on a firing range. Stray bullets killed, 17, and wounded at least 42 more.

Nonetheless the celebrations continued When a ship-load of guerrillas reached the Syrian port of Tartus they were greeted by shouts of Victory' and Palestine'. Live sheep were slaughtered on the dock and skinned to provide a carpet for the visitors to walk upon as they came ashore. When a four-vear-old Palestinian boy in Berrut asked his father. Why is everybody shooting? The was told

To celebrate a great victory. To which the boy replied. But if the soldiers won, why are they

going? The answer only partly obscured by the fanfare of the occasion, was that they had no choice the Israelis had forced them out.

Day after day the exiled PTO left Beirut for Syria for Jordan Sudan Tunisia North and South Yemen Soine 185 wounded guerfillas embarked on a Red Cross vessel bound for Cyprus and Greece Conspicuous among the countries that had not agreed to accept a significant number of PTO evacuees was Egypt which had been asked by the US to take a group of 3 000 Palestinians. The government of President Hosni Mubarak refused saving that the removal of the PTO from Lebanon should be linked with diplomatic steps.



Italian personnel carrier lands in Beirut



1 crucial role in achieving the peace in this tortured city

toward a comprehensive settlement of the Palestinian problem. Explained an Egyptian official. When we signed the Camp David peace treaty, we were accused by other Arabs of only being concerned about a partial solution. That is of getting the occupied Sinai back from Israel. We do not want the same accusations to be leveled against us again. In the end, the Egyptians agreed merely to provide medical care, for some of the Palestinian wounded and to pay canal tolls for the tive ships scheduled to carry PTO guerrillas to Sudan and the Yemens.

In Tunisia President Habib Bourguiba welcomed a contingent of 1 100 Palestinians who arrived Saturday by sea. The Tunisians had been busy last week erecting a tent village near Beja 60 miles from Tunis for the guerrillas. They were also refurbishing the Salwa Hotel at Borj Cedria 16 miles southeast of the Tunisian capital so that the tourist resort might serve as either a temporary or permanent headquarters for Yasser Arafat and 100 or more of his colleagues. The hotel contains a luxury suite for Arafat, a not altogether appropriate residence for a man of spartan taste who sometimes prefers to sleep on the floor. Arafat's movements last week were something of a mystery The Lebanese radio announced Saturday that he had sailed with some of his men that morning for Cyprus and from there would continue to Tunis but his actual departure from Berrut was not confirmed. Once the evacuation is completed.

> some diplomats speculated the PTO's tighting units would be based in Damascus while Arafat would make his own headquarters in Tunisia

In the devastation of Beirut there were some signs of an easing of tensions. Barricades were beginning to come down. The Italian forces wearing white helmets adorned with black feathers were a highly visible and almost festive presence.

In Israel there were indications that the almost universal condemnation the Israeli government has received abroad for its siege of West Berrut had made it more truculent than ever A case in point was the Israeli reaction to the Reagan Administration's plan to reassess the Camp David accords in the

hope of reaching a settlement on the problem of Palestinian autonomy. A high Israeli official last week blustered that if the US were to try to amend. Camp. David Israel would simply annex the West Bank as it had wanted to do all along. That drastic step would create havor in the Middle Last and the US had no intention of letting it happen. But in the meantime. Washington policymakcis had a more immediate problem to think about how to negotiate the withdrawal of Syrian and I-raeli forces from Lebanon before open warfare breaks out between them By William E. Smith

Reported by Johanna McGeary/Washington and William Stewart/Beirut

The Salwa Hotel, which may become Arafat's headquarters

Other Palestinians will be housed less grandly under canvas





A Risky Royal Welcome

Beirut's exiles evoke old anxieties in returning to Jordan



kiss and keep moving That command delivered off-camera by an anonymous officer of the Palestine Liberation Organization could be heard clearly

on Iordanian television last week as King Hussein benignly received the embraces one after another of 265 P1 O guerrillas who had just arrived in his country after a 20-hour trip from Beirut via Cyprus. The guerrillas responded eagerly to their warm welcome bearing aloft a portrait of Hussein that they had found. Long live King Hussein' the guerrillas cheered resoundingly

The effusive display of friendship between Hussein and the PLO contrasted sharply with their last encounter. In September 1970 the tough. Bedouin-led troops of King Hussein's army crushed an open challenge to his rule by PLO guerrillas who had created a state within a state in fordan, much as they later were to do in Lebanon At least 2 000 guerrillas were killed, and thousands of civilians died or were made homeless. Some 20 000 Palestinians were forced to flee to Lebanon where their attacks against Israel eventually led to last June's invasion by Israeli forces and the long crisis of summer

oday the grim days of Black Septem-Today the grini day so the Jordanians her as the attacks by the Jordanians on the PTO have come to be known are played down by the Jordanian government For the time being King Hussein has made his peace with the PI O At a summit meeting of Arab leaders in Rabat. Morocco in 1974 he agreed that the P1 O not Jordan would represent the interests of the 720 000 residents of the West Bank the Jordanian territory that was occupied by Israel during the 1967 Six-Day War Moreover Hussein had to accept about 2000 PI O guerrillas in order to sustain his hopes of becoming the leading spokesman for the mode ate Arab states Hussein is confident that he has enough control of the restive factions of his country to permit the return of the guerrillas who will live with their families

Yet Hussein's decision to welcome back his old enemies clearly is a dangerous gamble. As the head of the Hashemite family. Hussein is part of a minority in his own country the Palestinians make up me 65% of Jordan's population of 2.3 million. What is more the presence of the PLO in Jordan in such close proximity to the West Bank raises the threat that the guerrillas will mount terrorist raids on the Israelis and thus provoke an overwhelming counterattack that could be devastating to Hussein's kingdom

The guerrillas who arrived in Jordan

Please brothers just one I last week found a country that was still seething with rage over the invasion of Lebanon by the Israelis, the siege of Beirut and the military defeat of the P1 O The Jordanians did not so much attack the Israelis-they are assumed to be the perennial focs - as the U.S. and the other Arab states. The U.S. was criticized as the ally of the Israelis Said one knowledgeable Western diplomat. There is no question but that the level of anti-Americanism here has reached an alltime high The feeling was especially strong among the well-educated and prosperous Palestinians but all levels of the population were scathingly critical of the other Arab states for not coming to the aid of the PI O Said Rami Khouri the US-edu-

In public Jordanian officials express the view that relations between the Bedouin minority and the Palestinians are healthy and mutually beneficial Says a government official 'When you talk about Jordan today you talk about a wellknit Jordanian-Palestinian economy If you talk about radicalization. Palestinians would be equally affected [for the worse]

But behind the bland expressions of good will there is a determination not to let the Palestinians ever plunge Jordan into either another civil war or another bout of border fighting with Israel The PLO would be welcome las a fighting forcel if there were an Arab strategic fighting plan to face Israel militarily 'the same Jordanian official says. As long as such a strategy does not exist we will not allow the rise of an armed movement within Jordan You want to fight Israel? That means men arms. Set up a strategy then we are interested. Otherwise, we are not interested



King Hussem greets Palestinian fighters at Jordanian airbase after their evacuation

The grim past is being played down by a regime anxious to lead the moderate. Irab states

cated editor of the Linglish-language Joidan Times. What has happened proves that the Arab world is totally incapable of dealing with Israel and the U.S.

These frustrations burst out last week at a remarkable gathering at the royal court in Amman when some 160 prominent professional and religious leaders pelted King Hussein with questions about why Jordan had not broken relations with the US over the Israeli invasion of I ebanon. They went so far as to ask why Jordan. was not willing to permit democratic institutions to function. The King handled his interiogators skillfully. To identify with if not co-opt. Palestinian rage over events in Lebanon, the King called for the creation of a People's Army a sort of militia of all Jordanians both men and women trained to defend the country Considering the danger that such an army could turn against its creator it was a risky proposal

The PLO tighters in Jordan are equally aware that they need a new strategy General Abdul Razzak al Yahva head of the PLO in Jordan told TIME last week that the PLO would make changes and reorganize itself internally in accordance with the lessons of Lebanon Just what that meant remained to be seen but Yahva was more explicit on one key point he threatened that the PIO would launch terrorist raids against the Israelis Jordan said Yahya forcefully is the bridge for the West Bank. Yet if fordan allows the PLO to mount terrorist raids the Israelis could be expected to launch exactly the kinds of retaliatory attacks that the government so rightly fears threatening the King and initiating the same cycle of internal crackdown that eventually forced the PLO out in the carly 1970s - By Henry Muller. Reported by David Aikman/Amman



Parliamentary deputies in Belrut casting ballots in a special session to choose the President

Election Under the Gun

A strongman will take over a shattered country

E ven by the arcane standards of I eba- | The bullet-pocked Parliament building non's contorted politics it was an ex- | had been deemed too dangerous for the traordinary election. Despite demands by Lebanese lettist and Muslim politicians that the voting be postponed until Israeli troops had withdrawn from Berrut, the deeply divided Parliament went ahead last week and elected Israel's chief military and political ally in I ebanon to a sixyear term as President. He is Bashir Gcmayel 34 commander of the country's principal Christian militias and leader of the Phalangist Party Gemayel was the 1 only candidate for the post largely because no other Christian leader dared to oppose him. He promptly declared that his election had been a big achievement for our democracy and pledged to reunite the country and re-establish its sovereignty by hastening the departure of foreign forces when he assumes power from outgoing President I has Sarkis in late September

Gemayel's task will be gravely complicated by Lebanon scrazy-quilt of political and religious factionalism. Under the terms of a national covenant worked out in 1943 when Lebanon became independent from I rance the Christians are the dominant political force in Parliament although the Muslims are now thought to outnumber them (no census has been taken since 1932) Moreover, both the Christians and the Muslims are divided into feuding sects. After the civil war ended in 1976, the Phalangists sought the support of the Israelis who saw them as a strong and friendly force that could stabilize I ebanon

As he tries to take control of his riven country. Gemayel also suffers from a more personal handicap a reputation as a violent and ruthless strongman (see hox). His stature was hardly helped by the brutal tactics that ensured his election last week

special session, so the meeting was moved to the Lebanese army's military academy at Favadiveh in the hills above the city deep within Christian-controlled territoiv When only 56 deputies showed up for the crucial vote six short of the 62 required for a quorum. Gemayel militiamen went into action. After what one aide described as a number of forceful telephone calls several cars pulled up to the building. The reluctant deputies were hustled into the chamber by burly escorts

By a vote of 57 to 0 with five abstentions Gemayel won the election. Even before the tally was read out his followers launched a celebration as raucous as the fusillades that had saluted departing Palestinian fighters all week. Gunmen all over Fast Beirut fired their weapons into the air Others detonated grenades in empty lots while cars roared up and down the streets flying I chancse flags and wav-

Supporters celebrating Gemayel's victory



ing huge pictures of the President-elect Gemayel held court at the family home a 300-year-old estate at Bikfaya in the mountains northeast of Beirut for two days before returning to the city to consult with other Christian officials

Gemayel's opponents were quick to seek revenge for his election. The homes or businesses of at least a dozen parliamentary deputies including those forcibly brought to the election session were attacked or blown up. Among them was the West Beirut residence of Kamal Assad the Muslim speaker of the assembly whose home was struck by three rocketpropelled grenades. At the same time. Gemayel's bitter foes in the north declared themselves in open revolt against his government Militiamen loyal to former Prime Minister Rashid Karami and to formei President Suleiman Franjieh set up roadblocks between Benut and Impoli and declared the territory in that region, liberated Said Franjich We reject and refuse to recognize what the Israeli enemy has imposed on us

The response to Gemayel's election by Muslim leaders in Beirut was somewhat more guarded. A top-ranking delegation of political figures met the afternoon of the balloting with former Prime Minister Saeb Salam a senior Lebanese statesman and issued a statement sharply critical of the manner in which the election had been held But the group did not reject Cremayel's election outright. Later in the week Gemayel made a series of conciliatory overtures to Muslim leaders, stating that he hoped to talk with them in the next few days Responded Salam. He has been saying some good words, but we are waiting for deeds. Salam added that he and his. associates were particularly anxious to see if Gemayel would rein in the Phalangist militiamen who have continued to harass Muslims and Palestinians with impunity

emayel's attempts to win over his for-Gemayers attempts to me for warm congratulatory telegram he received from Israeli Prime Minister Menachem Begin who addressed him as my dear friend Begin has said that he hopes Israel and I ebanon will soon sign a peace treaty. Although Cremayel has remained noncommittal on the issue Christian elders including his father Pierre Gemayel are known to be opposed to any step that would take Lebanon out of the Arab League and subject it to the kind of economic and political ostracism that I gypt received when it made its own separate peace with Israel

Israeli officials publicly are counting on Gemayel's election to provide the solution to Lebanon's strife but privately they express strong doubts about the prospects for his success. Israeli analysts point out for example, that a whole restructuring of Lebanese society is necessary if the country is ever to be genuinely unified. They simply do not believe that Gemayel has the political clout or ability to accomplish that goal Said one Israeli politician who has had close dealings with Gemayel in re-

World

cent years. In the long run I think he will have to give up too much power to his ing I doubt he will do that

do aeli officials are irked that Gemayel who has received some \$250 million in Israeli military aid for his militia did little to help them rout the PLO guertillas. The Israelis do not rule out the possibility that the President-elect may initiate armed conflict himself in an effort to destroy any opposition to his rule. Said one Israeli expert. Gemayel's style is to bring things to a head.

One problem that is likely to complicate Israeli relations with the new leader is Jerusalem's support for Major Sa ad Haddad the Christian commander who has acted as an Israeli surrogate in southern Lobanon for the past six years. Haddad said last week that unless a peace treaty with Israel is signed, he will refuse to incorporate his militia into the Lebanese army as part of an overall Germayel plan to disband the various Christian factions in the country.

W ashington too was hopeful about Gemayel's election. Only hours after the vote. President Reagan sent a congratulators message to Gemayel promising that the US would work closely with the new government in the complex and difficult task ahead. Administration officials sec Gemavel's election as the first 1 step toward strengthening the central government in Lebanon and creating a stronger military essential steps if the withdrawal of both Israeli and Syrian troops is to be negotiated. But there are also skeptics in the Administration who fear that if Gemavel resorts to ruthless tactics he will only further fragment the country Said a senior official in Washington We hope hell put the national interest above his own

Those most pessimistic about Gemayel selection perhaps are the Palestinian civilians who will remain behind after the PI O fighters have left and who fear Gemayel Even now mothers in West Beirut are prone to tell their misbehaving children Don't do that Bashir will come and get you Last week Gemayel's Phalangist militiamen were taking food out of some cars heading into West Beirut and throwing it into the street Palestinians are afraid that he may order a harsh crackdown to drive them out of the country Said a retired schoolteacher Bashir's election means that all the suffering of the last seven years was for nothing. We are worse off than when the fighting began

But many other Lebanese were optimistic last week that Gemayel could reach in accommodation with the major Muslim groups. A true Christian-Muslim entente would go far toward achieving stability. If Lebanon's new President can indeed make the right gestures toward his opponents he may yet have a chance to salvage his shattered country.

Reported by Robert Slater/Jerusalem and Roberto Suro/Beirut

Gemayel: Ruthless Idealist

International Patriot Power-mad Those are some of the terms that Bashir Gemayel's deeply riven countrymen have used to describe their President-elect during his years as a leader of the Christian militia forces. Part political idealist and part storm trooper. Gemayel, 34, has shown he will use whatever means necessary to achieve his nationalist goals. His supporters argue that Lebanon's dire condition requires just that sort of toughness. Opponents claim that he is a fierce political animal dedicated to narrow sectarian aims.

Gemayel made his reputation for ruthlessness by the way he imposed his leadership over the diverse Christian militia groups during and after the 1975-76 civil war. In June 1978, Gemayel's forces lashed out brutally against former President Suleiman Franjieh who was one of his chief political opponents among the Christian population. In a lightning raid on the Franjieh summer resort village of Ehden, Gemayel's Phalangist soldiers murdered the ex-President's son and political heir Tony, along with his wife and two-year-old daughter. Gemayel coldly



Gemayel celebrating his election

dismissed the episode as a "social revolt against feudalism" And in July 1980, Gemayel's troops virtually wiped out the Christian militia of ex-President Camille Chamoun's National Liberal Party for refusing to accept the Phalangist line

The baby-faced Gemayel consciously cultivates a macho image, often appearing in public in military fatigues, his feet squared in the "at ease" position, his arms folded across his chest. To his Phalangist followers, he projects the personal magnetism of a combat leader who has fought and suffered with them on the battlefields. After his family, he is most comfortable with his troops

The President-elect's father Pierre Gemayel was the founder and original leader of the Phalangist Party, a hard-line, fervently nationalistic faction of the country's large Maronite Christian community The youngest of six children, Bashir Gemayel enthusiastically embraced his father's conservative ideology, which was inspired by the nationalist movements of Francisco Franco and Benito Mussolini

Gemayel fervently believes that the departure of all foreign forces is a prerequisite to solving his country's prob-

lems and forging national unity. He was particularly anxious to see the Palestinians go Says an Arab diplomat who has known Gemayel for many years. He is absolutely obsessed with the Palestinians."

Gemayel launched his military career when he was still a boy During the brief civil war of 1958, he officially joined the Phalangist militias at the age of eleven. He began regular military training two years later, and by 1969 was commander of a 100-man militia in his family's native village of Bikfaya east of Beirut Educated by the Jesuits, Gemayel took a law degree at St. Joseph's University in Beirut in 1971 but abandoned a short-lived law practice at the onset of Lebanon's civil war. In 1976 he became commander in chief of the Phalangist militias when his predecessor was killed in action. Soon afterward, he took charge of the Lebanese Forces the unified command of all the Christian militias.

The man who lives by the sword has very nearly died by it. In March 1979, a bomb was defused in his car. In February 1980, his 18-month-old daughter and three bodyguards were killed by a car bomb that did go off. Nonetheless, Gemayel continues to appear openly in public and insists on driving around alone, although he changes cars as often as ten times a day as a precaution. His security measures will almost certainly be tightened now that he has reached the pinnacle of national power in a violent land, Bashir Gemayel has many enemies.

In the Shadow of the Ruins

A TIME correspondent recalls the PLO's "state within a state



For 21 years TIME Middle Fast Bureau Chief William Stewart has lived and worked in West Benut reporting on the activities of the Palestine Liberation Organization As P.L.O. fight-

ers and then leaders were dispersed last week to various parts of the Arab world Stewart filed his recollections of life inside the PTO's state within a state

There were the wild drives through narrow darkened streets to midnight meetings. There were the long lunches at Miami, and Summerland, two favorite his shoulders and said. They tried In the days when Berrut's Fakhani district belonged to the PLO hidden television cameras would record a visitor's every move. Mahmoun loved his operations center which was buried in a deep well-defended cellar. The room was papered with maps of the Israelioccupied West. Bank that were concealed by red curtains. We would sit and relax over a Turkish coffee. Then with a proud flourish. Mahmoun would pick up a telephone and place a call to

the West Bank. I was always amazed

and astounded at that communications

feat. He was always pleased

Bassam is also on Israel's most-wanted list. His face has been badly disfigured by a letter bomb, and he moves with the darting gestures of a man on the run. Bassam helped organize one of the first international air hyackings involving the multiple seizure of passenger jets in 1970 that were eventually blown up at airports in Jordan and Egypt. To this day he boasts that no lives were lost. Yet I am sure he would stop at nothing to achieve his twin objectives creation of an independent Palestinian state and revitalization of the Viah world.

Over cognac after a late-afternoon lunch at Summerland he suddenly asked Do you know that I have American cousins who were killed in the Viet Nam War? I would like to cry for them but I cannot. It huits me to say that because they were my family [but] I don't think, they knew what they were fighting for In





Employees of West Beirut's Summerland resort survey damage by Israeli bombs; Bassam Abu Sharif views wreckage of refugee camp

Discussion about Palestine was impassioned, the perfids of the Arabs, the iniquity of the Israelis, the despair of the U.S. as a friend

PLO haunts where I was intensely aware of being the only person unaimed Coming out of the restaurants we would joke about turning on the ignition to watch our car blow up. But any discussion about Palestine was impassioned and serious who was right who was wrong the perfidy of the Arabs, the iniquity of the Istaclis the futility of dealing with the Soviets and the despair of ever having the US as a friend.

Barely a week after I arrived in Bertut Major Mahmour visited our office Solemn and ascetic Mahmour was a member of the al-Fatah guerrilla group and headed the PLO operations room for the West Bank. He questioned me closely about American policy in the Middle Fast at the same time lecturing me about its failings. At one point, he told me about his arrest and imprisonment in Jordan. When I asked if his jailers had hurt him he looked surprised, then shrugged

We would emerge from the cellar darkness into the bright Mediterranean sunshine and get into his car. There was the momentary holding of breath while the engine started. Then Mahmoun would race through the streets with a reckless disregard for the chaotic traffic and crossing lights. When we streaked through one red light. I protested. You can't do that! He would only shrug and say. So the next one will be given. Life had become one long gamble for Mahmoun, as it seemed to so many of the guerrillas.

Bassam Abu Sharif is spokesman for the hard-line Popular I ront for the I iberation of Palestine. He proclaims himself a Marxist, though one tends to doubt how much of a Marxist any Arab can be Bassam is definitely upper middle class educated at private schools in Jordan and the American University of Beirut and married to a wealthy Lebanese woman from a prominent Christian family that sense I feel sorry but I can t cry I have been fighting since I was 15

On the Sunday after the last ceasefire Bassam TIME Photographer Rudi Frey and I toured the tangled rums of the Burj al Barajneh refugee camp. It was a desolate scene schools, homes hospitals everything had been torn apart by bombs and shells. We moved nearer to the Israeli lines crawling carefully on our bellies until we could clearly hear Israeli solders talking to one another. After several minutes we retreated to safety and trotted quickly back through twisting alleys to the group of young guerrillas who served as our guides.

In the shadow of the ruins we sat in a semicircle sipping hot cups of tea that never tasted better to me Bassam gave a pep talk to his young men praising their courage urging them to remain vigilant and reminding them that one day they would all be going home to Palestine

They listened with rapt attention They knew that soon they would have to leave Lebanon the only home that some of them have ever known

As we departed I said to Bassam it with these boys carrying on the fight Right now you are happy. He nodded put his arm around my shoulder and said. Yes I am happy. Now as volleys of guntire give Bassam and other guerrillas a thunderous salute on their way to Syria one wonders whether he will be happy again.

A meeting with PLO Chairman Yasser Arafat was always conducted like a clandestine operation. After requesting an interview my colleague Abu Said Abu Rish and I would be told to stand by A representative from Arafat's office would appear sometimes past midnight, and we would speed off into the darkness accompanied by an armed guard. We never knew where we were being taken.

Arafat was always fascinating. Obviously intelligent, though not an intellectual he has a shrewd talent for judging people something that makes him a better
politician, and diplomat than military
commander Indeed he was compelled to
tight political battles on three fronts
the conflict with Israel, the wily maneuverings among fellow. Arabs to seek
support without domination, and the
search for recognition abroad especially
from the U.S.

A tafat's energy was unflagging his determination to regain a homeland for
his people absolute. He worked in spartan
surroundings, shuttling among numerous
offices in West Berrut. A devout Muslim
Arafat neither drinks alcohol nor smokes
and he faithfully observed the Ramadan
fast even during the worst periods of
bombing and shelling this past summer.
He would emerge suddenly for brief tours
of PTO positions embracing his supporters and encouraging his bedraggled
army.

Berrut never really belonged to the Palestinians The Lebanese did not want the refugees much less the PLO The departure of the guerrillas will allow the Lebanese to face themselves and their own problems. They are getting their capital back and if all goes well their country Lebanon will now probably be a better place to live in The PLO's shortlived state within a state existed at the expense of the Lebanese. So did those wild rides through the streets with Mahmoun those long lunches with Bassam those midnight missions to see Arafat and finally these past three months when it seemed as if the city were going to come 'own around us

In the face of shared adversity the people of West Beijut both Lebanese and Palestinian have never seemed closer. There is a sense of relief now, as trucks and ships take the guerrillas toward new destinations. But among those crowds that jam the streets to say goodbye there are also tears of genuine regret.

The View from Washington

A Beneficial Sock to the Eye

Perhaps it required the brutal 69-day siege of Beirut to shake up US policy But the reluciant Reagan Administration has been jolted out of its passive inattention to the open wounds of the Middle East From Washington, Correspondent Johanna McGeary examines the new US attitude

The "strategic consensus" the US preoccupation with the Soviets lies buried in Lebanon's rubble "The pipedream that the Palestinian problem was not central has gone by the boards, says former Ambassador to Saudi Arabia Robert Neumann. The President himself seems to have had the same sock-to-the-eye revelation that awakened a naive Jimmy Carter when the Soviet Union invaded Afghanistan in 1978. The war in Lebanon has forcibly engaged Reagan and his policymakers in things Middle Eastern.

Not an instant too soon. The siege of Beirut has left the U.S. with two large, pressing dilemmas, the resolution of the Palestinian problem and, now the restoration of I ebanon. Professional diplomats despair of patching together a unified government from the country's cauldron of factions, sectarian hatreds, armed militias and rival warlords. Without the reimposition of internal order however, the Syrian and Israeli forces still in Lebanon are unlikely to leave. In fact, the two sides share an interest in staying put, Syria to extend its role in the Arab world, Israel to maintain a buffer along its northern border. As long as Israel remains in the south, Syria won't leave the north, sighs a U.S. official. And as long as



Begin, Carter and Sadat at Camp David

Syria stays Israel won't go" The Administration hopes that Lebanon's newly elected President. Bashii Gemayel has the perseverance to dispossess the Syrians and the clout to nudge out the Israelis But the US could easily find itself mired in Lebanese politics for months to come

The US detects far more promising openings on the Palestinian front "This moment with the bloodshed freshly in people's mind is the time to

work hard on peace,' says Secretary of State George Shultz So the Administration is preparing to launch a high-profile, high-risk effort to forge an overall settlement between Israel and the Palestinians Shultz's new blueprint is far from complete He does, however, appear bent on defining a distinctly U S interpretation of "autonomy" for the West Bank within the framework of Camp David but separate from either the purely Israeli or Palestinian positions. He brings a new balance to the American line with his quiet emphasis on Palestinian participation. A situation where the Palestinian people can have some sense of dignity and control over their lives is very important and essential to any agreement, "Shultz has declared He has stopped short of equating that with the creation of a Palestinian state. The final definition of the Palestinians legitimate rights, he says, can 'emerge from negotiation." After immersing himself in the Camp David accords he told an aide delightedly that the language of the treaty gives "lots of 100m for different interpretations." The plan now, says one American analyst, is to first crank up U S leadership, then deal with the Arabs and then go at Menachem Begin."

Certainly the hints Shultz has dropped are likely to meet strong Israeli resistance. There are no indications Begin is prepared to be more flexible on the fate of the West Bank. Moreover, after the recent strains, there is no doubt on either side that U.S.-Israeli relations will never be quite the same.

Nor is it clear that the dismayed Arab states are any more willing to deal Egypt has already refused to resume the autonomy talks so long as Israel remains in occupation of Lebanon. And President Hosni Mubarak has retracted his willingness to serve as the sole negotiator for the Palestinians unless other moderate Arabs can be persuaded to join in. The Arab nations still believe the U.S. tacitly condoned, if not actively conspired in, the Israeli invasion

Whatever the difficulties ahead, and however unclear its own course, the US seems freshly determined to seize the moment. As one top diplomat put it "it's not whether we can think up something new, but whether we can and will do something with the ideas that have been around."

MALAYSIA

Muslims Against Muslims

A fundamentalist challenge to Islamic moderates raises fears

E very Friday morning at precisely 8.30 some 3.000 Malays assemble outside a weathered mosque six miles south of the city of Kuala Trengganu on the eastern coast of peninsular Malaysia. Most are sarong-clad men from surrounding farming communities. The rest are women wearing scarves and garments that leave only their hands and faces bare. Lach week the throng surges to life with the arrival of Haji. Hadi. Awang. 35. a charismatic mam who uses his mosque as a pulpit for preaching Islamic fundamentalism. Hadi wants to make Malaysia into a theocratic state governed only by the Koran.

This is not an Islamic country proclaimed in one sermon recently. The authorities say they uphold Islam but their Islam was learned from colonial masters. We have no Islamic constitution no Islamic law. If the government refuses to abandon the constitution and set up an Islamic state with Islamic laws it is our duty as good Muslims to topple the government.

Such a revolution is not exactly imminent. Last week as Malaysia marked a quarter-century of independence, the country was enjoying the most stable and prosperous period in its history. Its economy is humming along an enviable growth rate (7.3% in 1981), and political power is securely in the hands of the United Malay National Organization (UMNO), the dominant and moderate Malay party. The UMNO controls both the federal povernment and all

13 state governments in a coalition with eleven smaller parties under the National Front banner. The Front virtually swept last April's parliamentary elections taking 132 of the 154 seats at stake. The strident Parti. Islam Semalaysia. (PAS) the party of fiery return-to-the-Koran leaders like Haji Hadi. Awang. won only five seats.

PAS nevertheless has made itself felt to the mounting concern of Malaysia's leadership. Despite its national setback it gained strongly on the conservative eastern coast of the peninsula, where in the state of Kelantan it won 47% of the popular vote last April, up from 43% in the 1978 elections. In Trengganu, the party moved up from 36% of the popular vote in 1978 to 42% enough to win it five seats in the state's 28-member assembly.

PAS declared its religious war on the government in 1978 when it was ousted from the National Front. The battle was bitter from the start as imams and religious teachers sympathetic to PAS declared UMNO supporters to be kapirs (infidels).

The state of Frengganu in turn ordered all imams to read only sermons written by government religious authorities. The move made matters worse, PAS imams in the fishing community of Cendering warned villagers not to purchase meat from tMNO Skahr butchers. In the Besut district of Trengganu, PAS followers walked out of the 47 established mosques and opened 47 PAS, clubs, of their own. In the kampong (village) of Apal, PAS, and tMNO supporters even decided to use separate burial grounds.

In the kampong of Gong Pasir, the feud teached ridiculous proportions after the state last year tried to fire a PAS (imain)



ty The UMNO controls both Malay schoolgirls in Muslim garb bicycling in Kuala Trengganu

Han Husin for preaching disunity. Husin who had been at his mosque for 19 years refused to go and a succession of state-appointed replacements failed to dislodge him. Finally the two sides decided to split the mosque down the middle. PAS voters on one side. U.M.N.O. supporters on the other. When one group stood, the other would kneel. The situation remained an impasse until two weeks ago, when Husin tinally left.

The government sees little humor in such clashes. The situation is very serious says Dato Abdullah Ahmad Badawi an Islamic scholar who advises Prime Minister Dato Seri Mahathii Mohamad on religious affairs. Bringing politics into the mosque already has divided many kampongs and ultimately will destroy Malay unity. If partisan politics apart the largest and most active component of our population, how can the country remain stable?

The worty stems from history for much of its young life Malaysia was threatened by tensions between the native Malays and the country's Chinese community which constitutes about 40% of the population and has long dominated the economy. In the aftermath of bloody 1969 riots between Chinese and Malays, a New Economic Policy has reshaped the nation giving special privileges to humiputias (sons of the soil) over citizens of Chinese descent. The booming economy has kept the Chinese busy even so and the country has remained peaceful. Now the religious rift among the Malays themselves threatens that peace.

At the same time. Malaysia's history suggests that hopes for total Islamization of the country are unrealistic. Islam came late to Southeast. Asia and had to compete with animism. Buddhism and Hinduism. Christianity and waves of Chinese immigration brought in other infidels. Today, Malaysia is in fact, only about half Mus-

him They seem to forget that we're a multifacial society sighs one government official of the PAS realots. They just close their minds. The concept of a truly greater Malaysia never even enters their dreams.

To be sure practices that might seem liberal to non-Muslims must shock fundamentalists Young Muslim executives save for the requisite pilgrimage to Mecca, but work normal days during the fasting month of Ramadan when Arab countries shut down during daylight hours. Intidels may conifortably sip locally made Anchor beer while listening to the evening call to prayer I ven Muslims found guilty of drinking alcohol face only a \$7 tine not the 80 lashes imposed by Islamic laws

To PAS zealots who wan to invoke traditional penalties for all moral violations such slaps

on the wrist are mere window dressing Complains PAS State Assemblyman Wan Muttalib a London-educated lawyer in Trengganu. Under the present law adultery is punished by a \$500 fine six months in jail or both. The Koran says the woman must be stoned to death while the man suffers 100 strokes. UMNO thinks that the British constitution is the supreme law of the land. My people believe its the Koran.

The government has responded to such thetoric by hinting that it could unleash Malaysia's Internal Security Act a draconian measure that permits secretairest and detention without charges. So fail UMNO officials on the local level are dealing with the matter in more practical if highly partisan ways. When electricity came to one Trengganu area just recently two kampongs largely loyal to UMNO were duly wired. The third, between the two was a PAS village. It was pointedly left in the dark. —By Mayo Mohs. Reported by David De Voss/Kuala Trongganu.

SOUTHEAST ASIA

ASEAN: Reason to Celebrate

After 15 years, a successful alliance looks stronger every day

war alliances promoted by U.S. Secretary of State John Foster Dulles in the 1950s to contain Communism. The Southeast Asia Treaty Organization (SEA10) died in 1977, and in 1979 the Central Treaty Organization (CEN10) in the Middle East breathed its last Today ANZUS, designed in 1951 to unite Australia. New Zealand and the U.S. in defense of the Pacific is endangered by the possibility that New Zealand will withdraw. And redoubtable NA10 survivor of many internal squabbles is racked by popular dissension over nuclear-missile deployment and the Soviet natural gas pipeline.

But the Association of Southeast Asian Nations (ASEAN) a relative newcomer among pro-Western alliances celebrated a confident 15th anniversary in August During the past decade especially its influence and prestige have grown dramatically Since 1970 its five member states Indonesia Malaysia, the Philippines Singapore and Thailand have enjoyed the world's highest average annual growth rate 7% compared with 2.2% for the U.S. and 3% for the European Community over the same period. Promising ASEAN projects include plants in Malaysia and Indonesia that produce urea for fertilizer, a soda-ash project in Thailand and a copper-fabrication plant in the Philippines Boasts Yusoff Hitam Director-General of the ASI AN department of Malaysia's Foreign Ministry

We have been able to establish large-scale industries where there was no existing demand for the venture. We cleared the path and bridged our differences.

Moreover ASEAN originally regarded as a collection of vulnerable neighbors dominoes. Dulles might have called them has begun to guide and detine political developments in Southeast Asia. Although on paper an economic cultural and social grouping. ASEAN has in practice developed into an increasingly cohesive strategic force. To do so, its members have had to overcome a host of sticky historical cultural and religious differences that complicate their relationship.

Buddhist Thailand the only Southeast Asian country that managed to avoid the colonial voke has few roots in common with the predominantly Catholic Philippines or with Muslim Indonesia and multiracial Malaysia. The Thais are set apart by strong religious and monarchical traditions a history of diplomatic flexibilitythey made an alliance of convenience with Japan in World Wai II-and a centuriesold hatred of the Vietnamese. The Indonesians and Malaysians distrust the freewheeling Chinese entiepreneurs who dominate Singapore's population, and Singapore shares virtually no heritage with the Philippines or Thailand Concludes Thanat Khoman 68 Deputy Prime Minister of Thailand and ASLAN's founding father 'On the political front ASIAN has done much better than expected You cannot imagine how difficult it was to bring these countries together

Despite their differences ASIAN'S leaders are united in the view that the stability of the region and of their respective regimes is threatened to varying degrees by one or the other of the two Communist superpowers China and the USSR Until recently though they disagreed on how best to deal with the problem Both I hailand and the Philippines actively supported the USS war effort in Viet Nam for example while Malaysia and Indonesia disapproved of their ASIAN partners direct involvement.

Viet Nam's 1978 invasion of Cambodia

mity with its support of the Cambodian united front. And Viet Nam's economy is kept affoat only by some \$3 million in Soviet aid per day.

ASLAN faces potential economic problems of its own. With worldwide economic growth slowing and protectionism spreading the path to development is expected to become more difficult even for nations as rich in untapped markets and natural resources (oil rubber tin and lumber) as ASI AN So far the organization's efforts to work out preferential trading arrangements have borne little fruit. More than 8,000 items have been approved but most receive only a 10% tariff reduction. Moreover, intraregional trade accounts for only 15' of ASI AN's total and the preferential trading arrangements cover only a tiny 2% of that Says Thailand's Anand Panyarachuan President of ASEAN's Chamber of Commerce and Industry "We should trade more with our neighbors, because it's chcaper and makes economic sense. The



ASEAN members' five Foreign Ministers at August meeting in Bangkok

You cannot imagine how difficult it was to bring these countries together

cemented ASI AN as a strategic alliance. All five now agree that Viet Nam's 200 000man expeditionary force in Cambodia must go home. They have a plan to expedite the departure to win UN General Assembly recognition this year for a new anti-Hanoi Cambodian united front. Hammered together with the curious support of both Peking and ASIAN this new Cambodian coalition has allied three disparate Cambodian resistance factions, headed by Prince Norodom Sihanouk former Prime Minister Son Sann and the Khmer Rouge's Khieu Samphan as the sole legitimate government of Cambodia UN recognition of the front might press Viet Nam to withdraw its troops

For their part, the Vietnamese are understandably edgy. Their image abroad has been tarnished ASLAN has succeeded in isolating Hanoi diplomatically and economically from the bulk of the world community. China which invaded Viet Namin 1979, has demonstrated its continuing en

15% is too small. It seven smaller than it looks because most of it goes to Singapore. It is going to take a century to make any progress at the current rate.

Progress is being made all the same I ast year the five agreed to collaborate in the manufacture of automotive parts. In addition guidelines for joint ventures with foreign investors have been drafted all though not yet implemented.

For the time being ASI AN officials recognize that their countries are at unequal stages of economic development and that they have differing priorities and national preoccupations. Thus according to Yusoff

The accent will remain on cooperation and collaboration rather than integration because we haven t reached that level of nation building. Nonetheless conclude Thanat. Economic cooperation will increase. ASIAN is here to stay. The five members seem determined to prove that it is.

- By Hunter R. Clark.

Reported by Victoria Butler/Bangkok

TIME SEPTEMBER 6 1982



Prime Minister Suzuki meets the press to explain his views on the textbook crisis

Orwellian Overtones

Suzuki's solution to the textbook battle

1984 was only two years away. In an effort worthy of Orwell's Ministry of Truth a panel of experts from Japan's Ministry of I ducation had set out to soften and delete from high school history textbooks references to Japanese aggression before and during World War II Reacting in outrage North and South Korea Nationalist and Communist China briefly united in a bizaire anti-Japanese alliance of ideological opposites. And as criticism of Tokyo's attempt to rewrite history mounted Japan's Prime Minister Zenko Suzuki fearful lest the crisis worsen and his bid for re-election to the presidency of the Liberal Democratic Party be put in jeopardy became increasingly entangled in his own variety of diplomatic newspeak

I mally last week the Suzuki government proposed a solution that it hoped would end the textbook battle abroad without causing undue political damage at home Japan said an official policy statement was deeply aware that it had inflicted great suffering and injury on the peoples of Korea China and the other countries of Asia. Then taking head-on the question of whether Japan had truly learned from the mistakes of the past, the document noted. We have embarked upon the path of a nation of peace in the penitence and determination that such events must never be repeated

Such a public confession of national guilt seemed to be exactly what angry Koreans and Chinese wanted but in fact the compromise offered more in the way of conciliatory words than deeds. Despite as surances that all future textbooks would reflect the basic understanding between Japan and the respective governments an official spokesman had to concede that it was too late to prevent publication of the books or to delete insulting descrip- , had ultimately got their way

t all seemed a chilling reminder that i tions. The Japanese invasion of China in 1937 for example had been described as an advance and the Korean national uprising in 1919 against Japanese colonial rule as mob violence. Instead the govcomment promised to distribute a newsletter to schools that would begin using the 1.3 million textbooks next spring setting forth the new official guidelines for interpreting the past. In the end. Japan's angry neighbors would have to wait until 1985 for more substantive changes

> Reaction to Suzuki's solution was mixed. In China, the Communist press continued a steady propaganda barrage against Japanese militarism and Peking's Foreign Office summoned the Japanesc ambassador late Saturday. He was informed that this was not enough to satisfy the Chinese masses and told that Tokyo must take concrete steps to revise the offunding passages soon. Nevertheless. Chinese officials also sent word to Suzuki through informal channels that he was still welcome to visit Peking this fall for the tenth anniversary of the normalization of ties between China and Japan. South Korean officials for their part reductantly accepted Tokyo's apology. Said a government spokesman hoping to pacify his angry countrymer. We will continue our efforts to have the Japanese pledge for revisions carried out as soon as possible

> Despite the flare-up of anti-Japanese sentiment it seemed late last week that Tokyo could ultimately count on its economic influence in the region to squeeze through the difficult diplomatic impasse Still the textbook battle had taught the Japanese one embattassing truth about just who had the final say in educating their children. In a denouement to the story that was positively Orwellian, the bureaucrats from the Education Ministry

Week of Terror

And a state of emergency

t was Peru's worst outbreak of terrorist violence since President Fernando Belaunde Terry took office 25 months ago after the first free elections in twelve years of military rule. First, bombs exploded in downtown Lima damaging five power pylons and an electricity transmission network and plunging the city of nearly 6 million into darkness. Then on Sunday morning last week in the Andean village of Vilcashuaman about 250 miles southeast of the capital members of the guerrilla band known as Sendero Luminoso (Shining Path) attacked a police station with submachine guns pistols and bombs. During the gunfight 30 guerrillas and six police officers were killed. Next day, dynamite blasts rocked the nearby village of Huanta and a band of masked guerrillas attempted to take over a police post in Luricocha

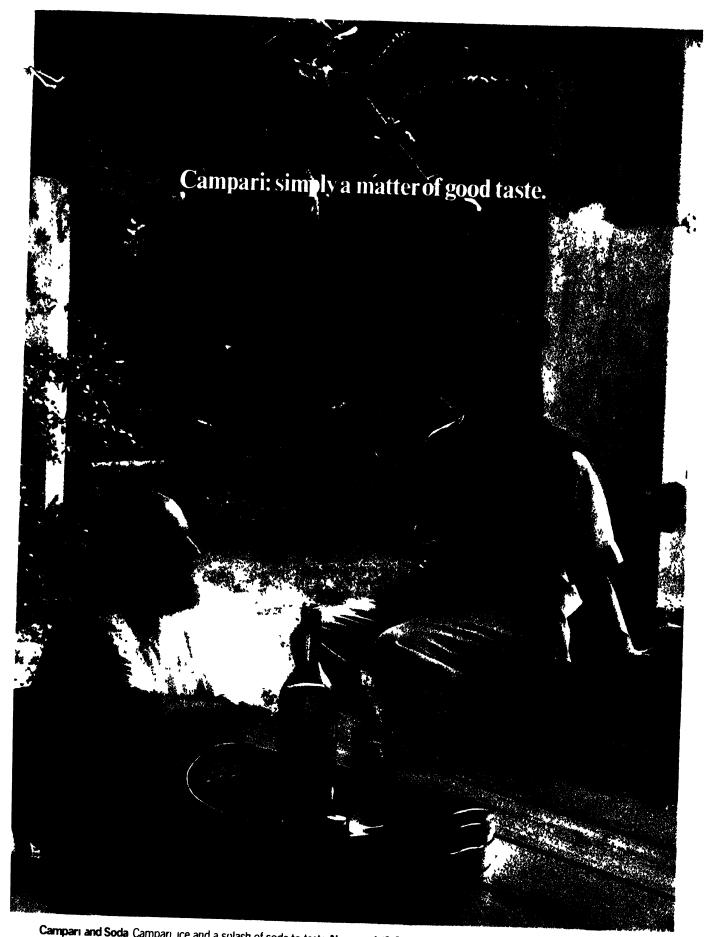
The Belaunde government had responded swiftly to the initial attack in I ima by declaring a state of emergency in the capital and in the neighboring seaport town of Callao. In a drive to round up suspected terrorists, police were temporarily allowed to detain suspects without arrest warrants and to curb travel and public meetings but constitutional guarantees like press freedom remained in effect Army intervention will not be neces sary proclaimed lose Gagliardi police commander and Minister of the Interior Indeed Gagliardi stressed that for all the excitement caused by the citywide blackout. I ima remained calm, and most of the damage to the power stations was repaired overnight. Our police forces can easily handle any terrorist threat he said. In the past eight months, police have arrested some 500 suspected terrorists who are currently being held for trial Said Gaghardi. We will show the Senderos that we can be as lough as they and other minor terrorist bands, but with none of their savage cruelty

The Senderos are a outhful band of s If-proclaimed Maoists

whose actual number remains a mystery. Members are drawn from poor and working-class families and include high school students even younger than 18 in urban areas like Lima where masses of unemployed ex tarm workers from the Peruvian country- Belaunde side live in some of Latin



America's worst slums Sendero was spawned under the military dictatorship by students and a handful of professors at the university in Ayacucho Their vague program is anticapitalist antimilitary and antigovernment. Explains one of their leaders. Originally, we were members of the Communist Party But we broke away chiefly because they talked too much and we wanted action



Camparı and Soda Camparı, ice and a splash of soda to taste Negroni 1/3 Camparı, 1/3 Gin, 1/3 Red Vermouth, ice Shake their strain into cocktail glass. Add slice of orange Americano 1/2 Campari, 1/2 Red Vermouth. A squeeze of lemon rind, cracked ice



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New-Old Prime Minister Spadolini

1141

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Once more, with feeling

aving seen 41 governments come and go in the past 37 years. Italians are pretty blase about their politics. Still those who took time off from their vacations last week to glance at a newspaper were not quite prepared for the official photograph of their new government. Man for man and portfolio for portfolio, it consisted of the same 28 ministers who had posed for the ritual picture in June 1981. True Prime Minister Giovanni Spadolini appeared to have put on a few pounds and Treasury Minister Benjamino Andreatta had shifted from the far left to the far right Otherwise as Italians quickly noted it was a photocopy government.

Why then had Italy's politicians subjected the country to a 17-day political crisis? The explanation was typically Florentine Four weeks ago Spadolini's five-party centrist coalition tried to push through parliament part of a new austerity program designed to boost industrial production reduce the balance of payments deficit and curb inflation. A renegade group of Christian Democrats broke party discipline and rejected a government proposal aimed at squeezing more tax revenues from the oil industry. Chaiging that the country was ungovernable Socialist Leader Bettino Craxi withdrew his party's seven ministers from the Cabinet Given Craxi's barciy concealed ambition to become Italy's first postwar Socialist Prime Minister the crisis had all the earmarks of a Socialist power play

But Craxi miscalculated Interrupting his vacation in the Dolomites Italian President Sandro Pertini 85 rushed to Rome and asked Spadolini to form a new government. A lifelong Socialist Pertini tien reportedly reminded Craxi that in Italian politics the party that precipitates early elections usually suffers the most at the ballot box. Ultimately, Craxi appears to have been influenced by an equally persuasive fear that the Communists would abstain in key garliamentary votes allowing a minority government without the Socialists to stay in power.

World

POLAND

Freedom Call

The regime braces for trouble

11 ree Walesa or make it possible for him to speak as a free man. When Archbishop Jozef Clemp uttered those words from a balcony of the medieval monastery at Czestochowa last week more than 350 000 worshipers burst into prolonged cheers and applause many of them raising their hands in victory signs The pilgrims had come from every corner of Poland to celebrate the 600th anniversary of the Black Madonna the Roman Catholic nation's holicst shrine. As the government prepared to clamp down this week on demonstrations to mark the second anniversary of the creation of the independent union Solidarity Glemp had seized the occasion to issue one of his scrongest statements against the martiallaw regime imposed by General Wojciech Jaruzelski eight months ago

In addition to demanding the release of I ech Walesa, the leader of the suspended Solidarity labor union. Poland's Primate outlined three conditions for national reconciliation, the revival of free trade-union activity, the release of some 600 Poles who remain in detention camps and amnesty for the estimated 2,000 people convicted of violations of martial law and a firm date for a visit by Pope John Paul II to his native land.

The Pontiff had hoped to attend last week's ceremonies but Polish authorities cited continuing unrest as an excuse for postponing the papal visit at least until next year. John Paul's absence was symbolized by a conspicuously empty seat on the monastery's dais. From his summer residence at Castel Gandolfo, meanwhile, the Pope celebrated the Black Madonna's anniversary with a special Mass at which he declared that the Polish, state can be

truly strong only with the support of society. But he added that national reconciliation could come only through dialogue, not opposition or violence.

John Paul's cautionary words were echoed by Glemp who tempered his demands for liberalization with a warning against demonstrations. Said he. There has already been enough blood on our streets and for this reason the conference table is the place for talks. Taken together the Polish prelates seemed once again to be putting the authority of the church behind the clusive goal of peaceful reform a conciliatory stance that has caused some grumbling among Solidarity's more impatient followers.

he government shared the church's concern about the chance of large street demonstrations. Some underground leaders have called for a show of popular force to pressure the regime into resuming its abandoned dialogue with the suspended union. In an orchestrated scare campaign the authorities have vowed to meet force with force Jaruzelski told party chiefs from more than 200 factories that brawlers have no chances. On television Interior Minister General Czeslaw Kiszczak boasted that the state was well prepared to maintain order. Said he Those who incite disturbances must take into account bloodshed and jeopardizing of human life. Meanwhile the government began deploying riot troops and water cannons at such expected gathering points as Castle Square

If large demonstrations and widespread repression do occur there could be a new spiral of violence that might ultimately prompt Soviet-bloc intervention. But if the regime succeeds in scaring people off the streets its next move could be the formal banning of Solidarity. Either way the prospects of reviving the dream of freedom that was born in Cidansk two years ago seemed dimmer than excr.



Archbishop Glemp addressing the faithful during last week's ceremonies in Czestochowa Demands for the government a plea for nonviolence and an empty seat for the Pope



At ease with himself and with his job, the new Secretary reflects on the future in his office at the State Department

Coolly Taking Charge

Already George Shultz has settled down the State Department

he cardboard box sits incongruously on an antique coffee table in an ornate office at the State Department On the top of the box is an inscription scrawled in red marker for IGN POLICY KIT FOR THE BEST DAD IN GOVERNMENT Inside are a tiny American flag some Band-Aids dice a flashlight a compass a pacifici and a box of Anacin Tyerything I need laughs George Shultz

The new Secretary of State will need a whole lot more of course. But his little box seems to symbolize a gentle almost self-effacing approach that has helped Shultz settle into his role as the pointman of American foreign policy. In a methodical and low-keyed way he has spent his first six weeks in office putting mortar between the crumbling bricks of US policy Outside thinkers have been summoned to help assess basic American goals around the globe Seminars with the President and his aides have been instituted so that decision making will be less haphaz ard And for the moment at least a renewed partnership between the State !

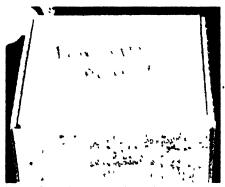
Department and the White House has been forged

In short George Shultz has been quietly taking charge. That is not my precept he protested in an interview with TIME last week. My precept is that the President is in charge. But Shultz has been far more than just a loyal lieutenant. His eight years as a top executive of Bech tel Group Inc. an engineering and construction firm with extensive activities abroad make him the only high Administration official with expertise in international affairs. Shultz has acted as a teacher moderator and molder of important positions. Says one official who has been working with him. He has a subtle effective way of exercising leadership

The casy relationship between Shultz and President Reagan has boosted morale at the State Department and eased tensions with the White House staff Alexander Haig Shultz's predecessor was convinced that Reagan aides in the West Wing often engaged in a guerrilla war against him but the antagonisms have disappeared under the new Secretary

He is super absolutely fantastic says White House Chief of Staff James Baker So far Shultz has also avoided falling victim to the inbuilt institutional rivalry with William Clark the National Security Adviser Clark admires Shultz's tendency to trust Reagan's instincts in foreign affairs and allow the President the limelight

By temperament Shultz is the exact opposite of Haig Indeed most compliments given Shultz refract an implied crit-



Inside: Band-Alds, a pacifier and a compass

icism of Haig Shultz doesn't make every issue a test of his manhood says a top White House aide. Whereas the former four-star general was flamboyant emoal and highly charged Shultz a comba. Paptain in the Marines who became an academic is calm collegial and reflective. His stolid demeanor seems more suited to absorb the bureaucratic shocks than Haig's thin skin. Says a senior State Department official Haig's style had begun to be an issue in itself. Six weeks of Shultz have turned down the volume

referring a desk in a cory adjacent cubby hole Shultz has shunned the grand formal Secretary's office on the seventh floor of the State Department. He works in his shirtsleeves

porting over the mountains of reports he has ordered and annotating , them with his fountain pen. They proclude analyses re-examining basic assumptions about policy and future American plans. Says a close aide. He likes to have the context in which a problem is presented and the long-range implications

He has the wisdom to listen to people and not monopolize says William Hyland who was an aidc to former Secretary of State Henry Kissinger And he keeps his mind open. I don't get the answer from him before I've stated the problem says one Assistant Secretary In addition notes Helmut Sonnenfeldt another former Kissinger aide he does not engage in jurisdictional disputes. Authority just flows his way. At a recent Cabinet meeting he praised Commerce Sectretary Malcolm Baldrige for trying to resolve a European trade problem Says a National Security Council staffer. Haig would have worried that Baldrige was treading on his turf

Shult, scored points at Loggy Bottom by picking most of his aides from within the State Department One notable move was reaffirming the choice of Richard Burt an able Determined to find a solution to the Palestinian problem but abrasive Haig lovalist as Assis-

tant Secretary for European Affairs Burt's nomination had been held up because like Haig he had irritated the White House staff Says an Administration insider. Shultz would have appeared 1 intimidated by the White House if he had dumped Burt

If there is any criticism of Shultz thus far it is that he has been perhaps overly methodical in his approach to the Job. Some say that he moves too slowly on issues and is not aggressive enough. He 🗥 kes to think things through - says Son-1 nenfeldt but there is not always that luxury. Not is he noted for any brilliance as a strategic thinker who can juggle concents of power and alliances. He tends to come across as a good gray diplomat measured in judgment but unexciting in

The best glimpse of Shultz's operating

style has come during the contretemps over the Administration's attempt to force allies to abide by the US embargo on equipment for the Soviet natural-gas pipeline from Siberia to Western Europe. A former Secretary of the Treasury Shultz has always been leary of the use of economic sanctions. He personally doubted that the embargo would be effective but nonetheless has acted as a team player. He began by holding a number of wide-ranging discussions with a brain trust of advisers around his small rectangular conferonce table. Said one official present. He likes to ask what are the fundamental points at stake to go back to Square 1 Once satisfied with the basics he will move on to options and then to details

After firming up his own position



Meeting with Israeli Defense Minister Sharon last Friday

Shultz went to the President and argued against strictly enforcing the sanctions His case was clear reasonable and forceful. But he did not present it as the end of the free world as we know it as Haig would have says one of the President's senior advisers. Shult, achieved a partial success by getting the Administration to mute as retaliation against I uropean alhes who have defied the sanctions only two companies have been hit with punitive measures so far allowing the dispute to remain a manageable family quarrel Once the decision was made. Shultz loyally helped coordinate actions by the Justice and Commerce departments to carry out the policy

Not does Shultz give any hint in public of his reservations about the President's decision. We have to stick to our position against the pipeline and show we

are serious about it,' he insists. 'We are saying that the acts of the Soviet Union in Poland justify doing something of overriding concern

Meanwhile Shultz has been working to keep the dispute over the sanctions from growing more heated. He is trying to work out a long-range solution to the dispute He engaged in intense negotiations last week to accommodate Western Europe's determination to sell pipeline equipment while niceting Reagan's goal of putting additional pressure on Moscow Shultz hopes to come up with a position toward the Soviets that will be acceptable on both sides of the Atlantic. The measured steps taken last week against the firms that defied the sanctions may make the Europeans more open to compromise he feels

> As part of his effort to examine the fundamental assumptions involved in making policy Shultz stepped back from the pipeline crisis to hold a five-hour seminar on how the US should deal with the Soviet Union in the years ahead Sonnenfeldt chaired the session which included Administration officials and about a dozen outside cxperts. Among those invited. Defense Secretary Caspar Weinberger and two of his predecessors. Harold Brown and Donald Rumsfeld Brent Scoweroft National Security Adviser to President Ford and Norman Podhoretz a neoconservative writer and Administration critic. It's an effort to break out and listen to avoid being caught in my cocoon says Shultz

hultz was host at a similar gathering last month on the Middle Last with Kissinger leading the discussion. As the PI () continues to be evacuated from Lebanon (see WORID) Shultz is concentrating on broader Middle Fast issues The US hopes to restart the suspended talks between I gypt and Israel on the question of Palestinian autonomy in the West Bank and the Gaza Strip To do this Washington is considering

issuing its own definition of autonomy which is expected to be closer to Carro's concept of Palestinian self-rule than Jerusalem's Says one top presidential aide Shultz is going to make a real effort to solve the Palestinian problem. He is about to initiate an overall policy

Shultz is more willing than his predecessor to disagree with the government of Israeli Prime Minister Menachem Begin on defining the idea of Palestinian selfgovernment called for in the 1978 Camp David accords. He has immersed himself in reading those agreements. Why you can find anything in here you need,' a senior aide at the State Department quotes Shultz as remarking. But he shied away from a suggestion made by Egyptian President Hosni Mubarak in an article in the Washington Post that the US 'recognize the right of the Palestinian people to self-

determination? Said Shult? on NBC's Meet the Press. The word self-determination somehow in this word game in the Middle Last has come to be the equivalent of a Palestinian state. I m not going to bite on that one. Instead he reiterated his view that the Palestinian people Ishould have a voice in determining the conditions under which they are governed, and that they should be brought into the peace process.

On Friday Defense Minister Ariel Sharon traveled to Washington to meet with Shultz. The meeting was described with diplomatic understatement as reasonably cordial. The leader of the Israeli military thrust into I ebanon spent most of the 80-minute discussion emphasizing that Israel would not allow full Palestinian self-determination in the West Bank.

There is a Palestinian state—he said repeating Israel's contention that Jordan is that homeland—Israel never agreed and will never agree to a second Palestinian state "Shultz replied bluntly that the US did not entirely agree

ne way that Shultz is working on Middle Last policy is through his lengthy seminars on the issues involved with the President and his staff Shultz who is on leave as a tenured professor at Stanford University feels that complex problems are not easily reduced to position papers with option boxes to be checked. In the course of these discussions, the President is asked to make necessary decisions.

On Latin America Shultz has encouraged the trend toward less confrontational rhetoric. Assistant Secretary Thomas I nders articulating a policy shift that has been under way for several months gave a recent speech on Central America that stressed the local nature of conflicts in the region and proposed a reduction in outside arms and advisers. In appealing to the left-wing junta in Nica-

ragua to join in an easing of tensions, Enders said, "The cornerstones of peace are there. Anxious to establish better relations with America's neighbors. Shultz plans to make Mexico City and Ottawa his first foreign destinations. Says he 'These visits are important not simply for symbolic reasons but for content too'

Regardless of his eventual impact on policy Shultz deserves credit for steadying a foreign policy apparatus that only two months ago was torn by internal tensions. The course he has set will be tested in the coming weeks when Shultz has his first official meeting with Soviet Foreign Minister Andrei Gromyko at the United Nations and attends a NATO Foreign Ministers meeting in Canada To succeed as Secretary of State Shultz will have to inspire the same respect in foreign leaders as he has so far among his colleagues at home ---By Walter Isaacson. Reported by Johanna McGeary and Gregory H. Wierzynski/ Washington

Principles vs. Pride

The three hutlike wooden crates on Le Havre's Quai de Moselle last week looked unremarkable. But when they were finally winched aboard the French freighter *Borodine* for a five-day trip to the Soviet port of Riga, they caused an immediate intensification of the long-running dispute be-

tween the US and its Western European allies over Washington's sanctions against the Soviet natural gas pipeline. The shipment amounted to an open French challenge of the US embargo each of the crates contained a French-made and US-designed compressor that will help propel Siberian gas through the 3,000-mile pipeline. It was the first delivery of such pipeline equipment by any Western supplier.

Only 35 minutes after the Borodine set sail, the US Commerce Department placed the two French companies involved in the compressor sale on a "temporary denials" list, a partial commercial boycott that prohibits them from buying any US goods services of technology One of the firms Dresser-France, the manufacturer of the three compressors, is the wholly owned subsidiary of Dresser Industries of Dallas The other. Creusot-Loire, a Parisbased heavy-engineering him, is the leading French contractor for Soviet pipeline orders

The US response was considerably less haish than it might have been The Government could have ordered an outright ban on exports to the States by the two companies, along with fines and jail terms for their executives. The action said Commerce Secretary Malcolm Baldrige, "represents a measured response that we hope will dissuade other firms from violating US regulations."

That was wishful thinking. The next skirmish in the contest of wills was already set to take place in Scotland, where a Societ vessel was expected to pick up the first six U.S.-demond turbines ordered from Britain's John Brown Engineering Ltd The British, like the French, are taking a hard

line, demanding that their pipeline suppliers ignore the US ban Said a senior British official "We are not going to be bullied by Washington"

The French were clearly spoiling for a showdown President François Mitteriand's government had on Aug 10 warned the four French-based pipeline suppliers that they would be "requisitioned" if they bowed to US pressure Last week Dresser-France was told that it would be the first to be

taken over because its Soviet contracts called for the earliest delivery of equipment Complained John James, chairman of the Texas parent firm, which lost an eleventh-hour battle to block the US Government from taking action against the company "The laws of the US are not the laws of the whole world"

Designed chiefly to punish the Soviets for their role in the imposition of martial law in Poland, the pipeline sanctions were extended in June to include foreign subsidiaries of US firms and foreign companies holding licenses for US technology But instead of hurting the Soviets, the sanctions seem to be playing right into Moscow's hands Observed the French newspaper Le Monde "Now Mr Brezhnev can gloat Less than three months after all that hugging and embracing at the Versailles summit. Western solidarity is shaken to its foundations"

Suddenly, the dispute that President Reagan once considered a "family" squabble is threatening to become an out-and-

out row On both sides, pride and principles are at stake In Europe, it is a question of jealously guarded sovereignty and large contracts for industries plagued by unemployment As the US sees it, however, the Soviet-supported clampdown in Poland demands a united show of Western force just as did Britain's war in the Falklands, during which the US joined an allied embargo against Argentina Perhaps more practically. President Reagan must maintain face If he is to placate his right wing, already restive over his tax bill and his murky policy on arming Taiwan, he must not be seen as soft on the pipeline issue



Banned cargo put aboard in Le Havre

Manville's Bold Maneuver

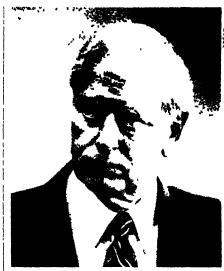
Battered by lawsuits, the asbestos giant seeks a bailout

he announcement was dramatic but so mystifying The Manville Corp the Denver-based building-materials and forest-products giant known until last year as Johns-Manville had filed for reorganization under Chapter 11 of the federal bankruptcy code It was the same Manville that earned \$60 3 million on sales of \$2.2 billion last year. The same Manville that ranks 181st on the FORTUNE 500 list of America's largest industrial corporations The same Manville that for more than half a century has been one of the 30 companies included in the Dow Jones industrial average, the most avidly watched indicator of prices on the New York Stock Exchange As it turned out the firm was not in any imminent financial peril. Intead, Manville was trying a bold maneuver to limit its liability in thousands of lawsuits charging health damage from asbestos produced by the company. Its surprise step once again focused attention on a longstanding controversy with important legal political and environmental ramifications

Over the past 15 years asbestos has been increasingly recognized as an occupational health hazard of alarming proportions and Manville the largest producer of the mineral in the non-Communist world has been swamped with litigation. Asbestos is composed of tiny needle-like fibers that are both incredibly strong and light enough to be inhaled. Because asbestos does not burn it is used to make fire-resistant materials and to line the walls of buildings and insulate pipes and machinery. But asbestos dust can cause serious illnesses. Among them, as

bestosis a chronic disease of the lungs causing shortness of breath similar to emphysema mesothelioma a fatal cancer of the chest or abdomen lining and lung cancer Medical specialists estimate that over the past four decades 9 million Americans have been exposed to large quantities of asbestos in workplaces many of them will probably die of cancer Since 1968, Manville has been hit with 20,000 lawsuits and has paid out \$50 million in claims

It was not the cost of these suits but the potential cost of future settlements that persuaded Manville to act A Massachusetts consulting firm predicted that Manville could expect about 500 new suits a month, for an eventual total of 52 000 Figuring that each claim costs the firm an average of \$40 000 to handle company officials estimated that Manville would eventually spend at least \$2 billion, and probably much more Accounting rules require a



McKinney meeting reporters in Denver

company to set aside funds as a reserve against anticipated claims. With \$2.2 billion in assets. Manville decided it had no choice but to file for C hapter 11.

In a full page ad that appeared in 21 newspapers simultaneously with the news of the filing Manville Chairman John A McKinney contended that 'to avoid Chapter 11 we would have had to strangle the company slowly by deferring maintenance and postponing capital expenditures. Without court protection he insisted the lawsuits "would cripple us

By filing for reorganization, Manville immediately suspends all current lawsuits and prevents new ones from being brought against the firm. It is now up to

the bankruptcy court to deal with the present claims, as well as to set guidelines for handling any future suits. Company officials stressed that Manville would conduct 'business as usual during the reorganization. This is not a financial failure. Mckinney emphasized. It is rather a failure of our court and legislative systems to provide an orderly way to compensate victims of unexpected occupational health catastrophe.

But the Manville action drew angry responses from asbestos victims and their attorneys. They re hoping we li die off said Bob Speake 66 a retired Manville employee who suffers from asbestosis 'A lot of the ones I know already have They ie trying to worm out of having to pay Said Robert Sweeney, a Cleveland attorney who represents 268 claimants in asbestos-related suits. It's an outrageous abuse of the judicial process. Chapter 11 is not intended for corporations with \$2.2 billion in sales that are operating in the black Vowed Ronald I Motley a Barnwell SC attorney whose firm represents more than 3 000 claimants We re going to fight them tooth and nail in bankruptcy court

The current tangle stretches back several decades and pits Manville against both its insurance companies and the federal Government US workers began to be exposed in large numbers to asbestos during the 1930s. During World War II asbestos was used extensively in Government shipyards and over the next 20 years the miracle mineral as it was once called grew in popularity.

Critics of the asbestos industry charge that the mineral's harmful effects were first documented in the early 1900s and that evidence of its health hazards grew steadily over the next five decades. Asbes-

tos-related illnesses however often take 20 to 40 years to develop. Thus asbestos victims were not diagnosed in large numbers until the late 1960s. Dr. Irving Selikoff of Mount Sinai School of Medicine in New York City estimates that currently 8 500 people will die of asbestos-related cancer each year and that by 1990 the number will reach 10 000 a year.

The first lawsuit against Manville was filed in 1968 by 1973 there were only 13 claims Manville's insurance companies settled the claims largely without protest. But in 1980, when a total of 5 000 suits were filed the insurers began to balk Manville officials wanted the insurers to make good on all policies in effect at the time workers were exposed to asbestos Most insurance firms however, argued that they should pay off only on policies that are now in effect not on those that date from the time that workers were first ex-



lion, and probably much more

Selikoff examining an asbestos victim suffering from mesothelioma

Accounting rules require a From tiny fibers, an array of devastating diseases

posed 30 or even 40 years ago In 1980 Manville finally sued 27 of its carriers in state court in San Francisco. As part of their defense some of the firms claimed that Manville was aware of the dangers of asbestos as far back as the 1930s and did not inform them, thus making the policies void. That case has not yet been settled.

In a separate case in 1981 the California Supreme Court ruled that Manville employees were entitled to damages if they could prove that Manville had knowingly concealed the dangers of asbestos from them. Over the past two years Manville has been ordered to pay at least ten punitive awards totaling some \$5 million. Punitive judgments are generally not covered by insurance.

In filing for reorganization Manville followed the lead of UNR Industries a onetime asbestos producer Saddled with 12,000 lawsuits UNR moved into bankruptcy court in July Both cases raise thorny legal questions Manville may press for an overall settlement for all claimants and then let them split up the award Or the firm may push for consolidating all the lawsuits and then setting up panels to evaluate each claim

But what recourse will future victims have? Will other asbestos producers most of whom also face lawsuits be affected? Admitted Curtis Linke Manville's corporate relations director. It's all a big question mark at the moment. Said Los Angeles Bankruptcy Lawyer J. Ronald Trost. You may see this case go to the Supreme Court.

Some critics claimed that Manville was simply trying to force Washington to share the burden of the asbestos tragedy Manville and other asbestos producers argue that thousands of asbestos cases have been brought by workers who were first exposed to the deadly substance in Government shipyards during World War II. The Asbestos Compensation Coalition, an industry lobbying group is pushing a proposal that would set up a "superfund" for victims, with contributions coming from the Federal Government and from the asbestos and insurance companies.

But Congress is not likely to rescue the asbestos industry. Over the past five years, three asbestos compensation measures have been sponsored on Capitol Hill So far, the only bill with any chance of passage is the one introduced earlier this year by Democrat George Miller of California He proposed creating a workers' fund financed by the asbestos producers and user companies, like shipyards but not the Federal Government Indeed, Miller charged that Manville's action was an attempt 'to open up the federal treasury to bail them out 'Manville vehemently denies the charge Whatever the motive, it is clearer than ever before that Manville's problem is also America's -By James Kelly.

Reported by Rita Healy and Richard Woodbury/ Denver, with other bureaus

Message for a Mobster

A sécond witness in the Donovan probe is murdered

n most ways it was a rather standard gangland slaying The victim was driving his 1977 I incoln Continental through The Bronx in New York City one evening last week when a passenger in the car suddenly placed a 38-cal pistol to the back of his head and fired a single shot. The Continental swung out of control and smashed into a parked car. The assassin jumped out and climbed into a trailing red. Buick LeSabre, which then sped away But the victim happened to be Nat Masselli. 31 son of Mobster William ('Billy the Butcher.) Masselli. 55. And that made the hit something special.

As it turns out, both Nat and William Masselli were crucial witnesses in the investigation reopened in mid-July into charges that U.S. Labor Secretary Ray-

week's end arrested Salvatore Odierno, 67, a reputed associate of mobsters who have been questioned in the Silverman probe, and charged him with second-degree murder Federal investigators believe that the Mob, unable to "reach" the elder Masselli in prison may have ordered the death of his son as a message to keep quiet Masselli is also co-owner of Jo-Pel Contracting & Trucking Corp, which has been named in a half-million-dollar New York City landfill and excavation scandal But investigators tend to discount this as a possible motive for Nat Masselli s murder

In the first phase of Silverman's investigation, the elder Masselli provided evidence that he claimed showed a Schiavone official had airanged for Masselli to



Body of Nat Masselli, covered by a sheet, sits slumped in car as New York City police confer Will his father take revenge on the street or by singing to the special prosecutor?

mond Donovan had dealings with organi'ed crime when he was part owner of the Schiavone Construction Co The investigation is being conducted by Special Federal Prosecutor Leon Silverman who stated in June that there was 'insufficient credible evidence to prosecute Donovan TIME has learned that Silver man's investigators had in fact questioned Nat Masselli at least once in the renewed probe William Masselli was recently transferred from a prison near Lake Placid NY, where he is serving a seven-year sentence for hijacking to a Manhattan jail in preparation for his appearance before a grand jury investigating new charges against Donovan The I BI is looking into the Masselli assassination as a possible obstruction of justice. It is the FBI's second such probe Last June the body of Fred Furino a Mafia bagman who was alleged to have received payoffs from Schiavone Construction and who became a Silverman witness, was found stuffed into the trunk of a car parked on a Manhattan street

Tracing the license-plate number of the getaway car, New York City police at receive a \$200,000 loan from the firm in return for a \$20,000 kickback. But the special prosecutor did not find the evidence clear-cut and the Schiavone official denied the charge. Masselli's son Nat also consented to telephone taps of his conversations with a Schiavone lawyer Silverman told TIME. "Those conversations although they may have been ill-advised, were not criminal."

Federal investigators have hoped that the Massellis could shed light on fresh chaiges that Donovan had met with the elder Masselli and another mobster, Albert ('Chink') Facchiano, in Miami in January 1979 to discuss a complex and illegal financial skimming scheme Donovan has denied knowing Facchiano and has said he encountered Masselli only a few times at job sites

At week's end no one knew if investigators' hopes would be fulfilled "Billy Masselli may be heli-bent for revenge," says one official "It's a question of whether he'll take it on the street or whether he'll' even the score by telling the special prosecutor everything he knows"

Holding the Line

Acrean vetoes a spending bill

During the congressional battle on raising taxes, Ronald Reagan emphasized that he was still committed to cutting federal spending. Any appropriation bill that threatened to spill over the budget limits previously agreed to by Congress, he said, would be vetoed His first test came last week a \$14.2 billion supplemental spending bill that provides additional money for fiscal 1982 programs That amount was both too much and too little to satisfy Reagan, who felt that it shortchanged defense in favor of added domestic outlays So even though it means delay in getting legislation' President announced in a Saturday radio Throadcast I have vetoed that supplemental appropriations bill

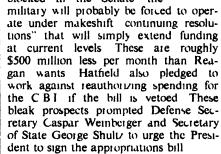
The veto decision was not easy. The bill contained two key spending elements that the Administration sorely wanted funds to meet the military payroll through the end of the current fiscal year and \$350 million for the Caribbean Basin Initiative (C B I) aid package to Latin America and the Caribbean area. In hopes of persuading Congress to revise the package, Reagan and Budget Director David Stockman had sent strong signals to Capitol Hill that the measure as written would probably be vetoed But many legislators calculated that when the bill reached him at his Califorma ranch the President would reluctantly sign it if only to obtain the CBI and military funds Congress thought they had us hostage said one top White House aide but they were wrong

One immediate consequence of the

veto is that funding for military personnel runs out on Aug. 31. 'It would be unfortunate in the extreme not to be able to pay the Marines we just sent to Berrut " deadpanned a senior presidential aide. In fact however the payroll will be met by a clever but controversial juggling of the books that will postpone the Pentagon's payment of income withholding and Social Security taxes The White House hopes that when Congress reconvenes, it will

pass a revised bill authorizing the requested funds for the military and for Caribbean aid

That may not happen so easily One staunch supporter of the spending bill was Republican Senator Mark Hatfield of Oregon, chairman of the Appropriations Committee He threatened to work assiduously against any future defense increases if the President vetoes the legislation If new defense appropriation measures are A "no" to Congress blocked in the Senate the



Because leaders in both parties on Capitol Hill urged the President to accept the spending plan Congress is likely to be

in a foul mood 'I don't think anything is to be gained by vetoing this one,' said Senate Republican Whip Ted Stevens of Alaska before Reagan's action. The President is being advised on the basis of confiontational politics with the Congress ' Democratic leaders viewed the measure as part of an implied compromise for bipartisan support on the tax bill passed two weeks ago Killing the bill would be "very ungracious said House Majority Leader James

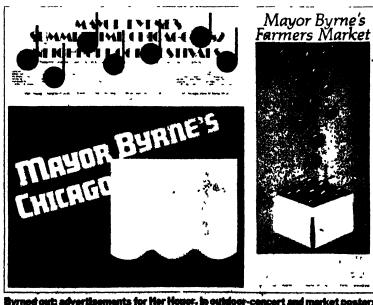
Wright of Texas Admits a presidential aide 'Strong attitudes in Congress have made this decision difficult

Indeed the spending plan, which passed the Senate by voice vote and the House by 348 to 67, could conceivably survive the veto Even before the President acted. Stevens had claimed 'A veto would be overridden by the Senate I m confident of that

Although the President's veto is justified as a money-saving action the bill actually spends less than the Adminis-

tration had requested What the White House really objects to is the way the money is distributed \$918 million more than it wants for such programs as student loans. highway construction and senior citizens : services, \$2.3 billion less for a variety of defense programs. But the veto laides say, is intended to send a strong signal to the financial markets that the President plans to hang tough on domestic spending It also serves a political purpose. Says one aide It is a good issue for us. It keeps our right wing happy, and there is still a lot of support out there for containing Government spending





Mayor Who?

o the ambitious politician, name recognition is half the battle By this standard, Chicago Mayor Jane Byrne, up for re-election in April 1983, appears to have declared allout war She has-plastered her name on everything in sight garbage caus and lampposts, billboards, transit passes, police stations and concert posters This weekend, for instance, Chicagoans will celebrate "Mayor Byrne's Labor Day Concert and Fireworks, 'the latest in a long line of personalized events. In this advertising campaign, even the city's name is sometimes omitted, as in "Precinct Headquarters, Jane M Byrne, Mayor 'Said an almost admiring official of the Better Government Association "She's fiendishly clever' Maybe Windy City residents, well aware of whose taxes are paying for all this publicity, have wryly proposed some additional labels The Chicago Sun-Times last month pointedly called a scheduled tax installment "Mayor Byrne's Real Estate Tax"

We're Your Kind of Town

States and communities compete fiercely to lure businesses

eggars can't be choosers Alderman Peter Grover of Austin Minn was out jogging one morning last fall when over the earphones of his portable radio he heard a report that a meat-packing plant just 40 miles across the border in Mason City lowa had been ordered to close down The plant was said a Mason City judge a public nuisance noisy and smelly regularly fouling surrounding streets with blood and animal parts Grover knew an opportunity when he heard

one Within days Austin had presented the plant's owners, Northwest By-Products Inc. with a relocation offer they could not refuse a bargain rate for leasing a \$350 000 building in an industrial park a quarter of a mile away from the nearest residential home The plant opened in March creating 27 new jobs for Austin citizens Says Thomas Kucera director of business development for Austin, already home to a Hormel meat-packing plant. This isn't the kind of town that turns up its nose at a truckload of animal innards

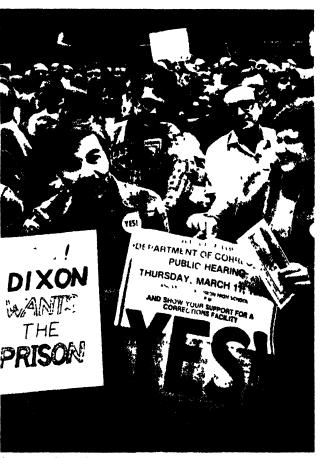
Indeed few communities these days can afford to turn up their noses at any enterprise that means work for residents With unemployment running at 98% nationwide cities and towns across the US are aggressively wooing potential businesses including some long considered undesirable, with carefully thought out economic strategies, featuring special tax incentives novel financing arrangements and eased environmental and zoning requirements Stanwood, Iowa, and Sheffield III are tighting over a planned \$35 million hog-slaughtering facility that would provide 600 jobs and a \$10 million annual would accept a new medium-secu-

rity facility to house 750 inmates even though it would have meant 500 recession-proof jobs and a payroll of about \$9 million annually. This year more than a dozen Illinois cities and towns are going for it. Among the suitors. Dixon where Ronald Reagan grew up and worked summers as a lifeguard.

The competition for corporate mates is intense Portland Me, beat out Boston for a new \$46.7 million shipbuilding facility that will employ 1,000 and create an additional 2,000 related jobs in the community. Among Portland's winning inducements to the Bath (Me) Iron Works company \$15 million worth of renova-

tions and construction of piers that will be leased to the company. In Colorado Fort Collins appears to be the victor in a three-town battle for a proposed Anheuser-Busch brewery that would create 500 jobs in the plant and 1,200 elsewhere. While the city of Pueblo offered 409 free acres of land and Greeley put together a land-and-amenities package worth \$46 million, the deciding factor was Fort Collins proximity to an interstate highway.

Even to keep what they have now,



payroll Three years ago Illinois Job-hungry Dixon, III., residents support new prison construction could not find a community that Overturning long-held mores, even welcoming the undesirable

some cities are at each other's throats. Fort Wayne, In., and Springfield Ohio, each have their own branch of International Harvester, which has its headquarters in Chicago. But the company expects to keep only one of these two plants open Says. Fort Wayne Mayor Winfield Moses. It's a boom or crash situation. If we lose our unemployment goes from 12% recession to 21% depression. If we win, our unemployment goes down to 7%. The total job swing for the city is 17,000 positions.

Some communities are trying to stimulate economic growth by overturning even long-held social mores. In North Dakota,

hotel bar and restaurant revenues have been boosted dramatically by the state's decision a year ago to legalize public black-jack gambling. Several thousand new jobs have been created 500 in Fargo alone. Local wags now call the city Las Fargo City officials in Ashland, Ky, this June won a court decision repealing the prohibition on selling liquor in public. Chamber of Commerce Executive Director Raymond Graeves Jr says the free-flowing liquor has created 400 jobs in Ashland.

California which once considered itself virtually recession-proof has abolished its inventory tax in an effort to halt the flight of the warehousing business mainly to neighboring Nevada Pittsburg in northern California, has utilized what

town officials call an incubator approach to help hatch new businesses. A particularly successful lure says Dick Beyer head of Pittsburg's economic and housing redevelopment corporation, has been an offer to tent space at cost a rate about 35% lower than that in surrounding towns. Says Kay Reynolds deputy director of California's local economic development office. In the past cities didn't realize they were in the economic development business.

Some communities court the Both Leavenworth unusual Kans and Independence Mo are bidding for the projected Richard Nixon presidential library with the expectation that it will pump at least \$5 million a year into the local economy Youngstown Ohio struck a bargain last April with a British firm called Wren Skyships to build metal-clad dirigibles. To clinch the deal for the \$55 million 300worker plant the city sold the firm 110 acres of land around Lansdowne Airport with the stipulation that construction begin within six months. The price one British pound (then about \$1.80) Beams Skyships Executive Malcolm Wren Youngstown was quite aggressive in selling itself to me

Competition to attract and keep businesses is certainly no new

phenomenon We were forced into doing state promotion efforts in the South 25 or 30 years ago," points out Bob Leak director of the South Carolina development board 'We'd spend all this money to educate our children, and then as soon as they graduated, they d pack up and leave Selling our states to business was the solution But development experts in the South admit to astonishment, and some concern, at how the phenomenon has spread nationwide Says one expert "The game is getting bigger and it's always harder to win when there are more players in the field"

Reported by Christopher Ogden/Chicago

Fred's Follies

ANY Congressman resigns

wortly before 9 am one day last week an expensively dressed gentleman slipped into Brooklyn federal court through a back door Hands clasped behind him he stood before Judge Charles Sifton and softly recited his crimes. Then after pleading guilty Democratic Congressman Frederick Richmond of Brooklyn agreed to resign immediately from the House of Representatives and not seek reelection to a fifth term

It was a seemingly inevitable end for a politician whose life had gone badly awry Richmond's woes had been attracting tabloid headlines for years. In 1978 he was arrested in Washington for sexually soliciting a 16-year-old delivery boy. In spite of sthat he handily won re-election that year and again in 1980 Last January however the Justice Department acting on a federal civil suit that revealed financial improprieties with the Walco National Corp of New York which Richmond controlled began an investigation of the Congressman Last week Richmond 58 pleaded guilty to tax evasion possessing marijuana cigarettes obtained from his staff and making an illegal payment of \$7 420 to a Navy em- Frederick Richmond ployee who had been helpful in

winning Government contracts for a Brooklyn ship-repair firm

But the charges might have been a good deal worse for the Congressman multimillionaire founder of Walco maker of products ranging from motors to coffins. In exchange for his guilty plea, the Justice Department agreed not to prose-



\$20 000 fine

cute Richmond for an array of other possible crimes including ordering his staff to buy him cocaine receiving an illegal \$100 000 annual pension from Walco and helping find a job as a mailroom clerk in the House for Larl Randolph a fugitive who had been serving an 18-year term for aggravated assault in Massachusetts After leaving the House job, Randolph was arrested for male prostitution by an undercover police officer, who then discovered Randolph was an escaped convict

Several weeks ago Government lawyers told Richmond of the evidence against him after negotiating he struck his deal Richmond who will be sentenced in November faces maximum penalties of seven years in jail and a

Americana

On the Level

Skateboarding may be all the rage in places like trendy Southern California but in Madison Wis it is definitely



on the outs. Two recent accidents one when an inebriated skateboarder sailed through a shoppingmall store window at 130 am have the Madison police department and some city council members up in arms Various puni-

tive and restrictive measures are under consideration including a proposal that would subject skateboarders who are weaving suspiciously to a Breathalyzer test the same one given to Wisconsin's automobile drivers In Madison it seems, some stiff fines may soon await stiff skateboarders While critics of the proposed crackdown say that nebody can ride a skateboard while drunk it appears that some young people have been trying their ah level hest

The Six-Pack Kid

When it comes to drinking buddies they don't come any more gung-ho than Clay Henry of Lajitas Texas (pop 55) You might say that Clay's love of the brew as made him the town celebrity Tourists come by daily to offer him a cool one-or two Henry ambles over, props himself on the wire fence, grabs the bottle or can of beer between his teeth and tips the thing over until it is empty By day's end, his yard is littered with empties 'You

wouldn't believe how fast the cans build up says a worker at the Trading Post a general store near Big Bend National Park in West Texas where Henry lives In fact every two weeks of so a couple of the guys come around to clear the place out But only in the afternoon after a hard days beer guzzling (favorite brand

Miller) Henry has a tough time with the morning after Says a friend. It's best you avoid Clay when he's hung over You go in at your own risk. He butts his head against the fence so hard sometimes that we have to go out and calm him down Usually that is enough to sober up Clay Henry a 130-lb black mountain goat

Living Rent-Free on Manhattan's Upper East Side

Until last week Joseph Cruz 55 was living on New York City's posh Upper Fast Side But while he paid no tent perhaps he should have been charged some



tolls For Cruz had set up residence complete with a salvaged bed storagecrate furniture a beer cooler and a stove made from an oil drum smack in the middle of a 35-ft long traffic island on Manhattan's Last River Drive His presence immediately stopped a bit of traffic passing motorists were enchanted by the sight of the eccentric tenant protected enough to contribute food and beer. New York newspapers and TV stations showed a serene Cruz sitting back and reading a book while the world quite literally rushed by But alarmed city officials sent a couple of psychiatrists to size him up and then a platoon of police to take him away for further tests. When social workers offered him lodging in one of the city's shelters for the homeless Cruz sniffed 'The shelters are pigpens Said one local newspaper columnist. He must have been one of the sanest men in the city of New York to refuse to live in those places But at week's end Cruz had been relocated to a room in Bellevue Hospital's psychiatric ward to await legal proceedings about his fate



TIME SEPTEMBED & 1092

Education



At the Forman School, athletics play an important role in re-establishing a sense of self-esteem



Cork game illustrates the circulatory system

Don't Call It a Disease

Dyslexia is a learning problem and teaching disability

Mass, was diagnosed as dyslectic in the second grade. He was pushed through a special public school program with a dozen other children who had various physical and emotional handicaps Unable to spell, for example, he was told to "just skip it" In junior high school, he was assigned to a large special-education class that satisfied the law but virtually ignored Nat's problems He and his parents were unaware of how little he was learning until a college counselor told his father "Your son is hopeless Furious at the summary judgment. Nat's father enrolled him in the Forman School in Litchfield Conn, a private institution founded in 1930 that specializes in teaching dyslectics This fall Gove begins his freshman year at West Virginia Wesleyan College Says he "I didn't know what my potentials were, and now I know I've come far It shows on the charts, but I feel it inside '

At a training workshop held last week at the Forman School, nationally known experts and teachers gathered to discuss ways that dyslectics especially teen-agers, can reach their intellectual capacity All agreed there is much that both public schools and parents can do that they are not now doing to teach dyslectic children The main prescription old-fashioned phonics, a system of learning to read by sounding out words by lettei and syllable Says Forman Headmaster Richard Peirce 'What Forman is trying to do is affect the national education scene by educating people to what dyslexia is—a difference in how people process information—and making available to teachers of both public and private schools the knowledge we have '

An estimated 25 million Americans have dyslexia, a condition that has been detectable for years by a battery of tests Dyslectics who are often lefthanded or ambidextrous tend to reverse letters (b for d) twist words (was for saw), confuse word order (please up hurry) subtract from left to right, or have difficulty with sequential thinking Despite these problems, they may be intellectually brilliant. with oral skills so keen they are able to bluff their way through early grades Dyslectics can become high achievers like I dison, Einstein, General Patton, Nelson Rockefeller and Bruce Jenner But they are often misdiagnosed as retarded or emotionally disturbed

Harvard Education Professor Jeanne Chall told participants at the conference, The right teaching is the most important thing All the children could make it if we gave them more of the attention they need " Chall's book, Learning to Read The Great Debate fueled a phonics controversy in 1965, and a revised edition due out next spring presents new research supporting the phonics method of teaching reading to all children But despite the evidence, many schools continue to teach the so-called look-say method which depends upon visual recognition and memorization While the look-say method works for many normal children it is nearly useless for dyslectics, who have great difficulty recognizing words. The phonics-based Orton-Gillingham method of teaching reading, devised in the 1930s. is considered effective in teaching 95% of all dyslectics Orton-Gillingham decodes words by blending one sound with another into words and requires extensive visual and auditory drill

The dyslexic in high school has special problems. After years of being told that he is slow or stupid he can have a very poor self-image. I orman provides an array of sports training to improve physical self-confidence. But the biggest challenge for teachers is to devise a curriculum commensurate with the student's real intelligence At Forman, students listen to a recording of say Romeo and Juliet while reading the play Computers are becoming an important teaching tool because they promote sequential learning and logical development. For the student able to handle calculus but not the sequences of numerical calculations, the computer allows him to bypass his basic problem Dyslectic students can now take untimed SATs for college admission. Some 30 institutions have special programs for dyslectic students including Boston University, which provides a standard curriculum and allows more time to complete it

S ays Forman Teacher Margaret Roper I don't think of these kids as handicapped There is no limit to where you can take them after you find the key" Despite the well-publicized view of New York Physician Harold Levinson, who argues that dyslexia is a disorder of the inner ear and can be dealt with by taking antihistamines, experts insist that dyslexia is not a disease Mary Chatillon, director of the Massachusetts General Hospital's Reading Language Disorder Unit maintains 'It would simply appear to be a different form of brain organization' Says Linda Frank, executive secretary of the Orton Dyslexia Society, an educational organization "Dyslexia is a state of mind, often a very fine mind " -By Ellie McGrath. Reported by Ruth Melutens Galvin/Boston

Quality, Not Just Quantity

The Paideia proposal aims to reform America's schools

f his early education, Henry Adams once wrote, 'It taught little and that little ill' Many of America's schools today teach precious little of what students ought to know, and that little ill High school diplomas are routinely awarded to students who are functionally illiterate, who cannot do long division, and who have no idea what is contained in the Bill of Rights Among educators there is a sense of desperation that America's young lack even the rudiments of learning, and a still greater feeling of despair that nothing can be done about it What can and should be done about it declares Philosopher Mortimer Adler is a radical return to an education that is both general and liberal and equal in quality for all

Equal quantity of schooling for all students Adler argues, has only half fulfilled the democratic promise of equal educational opportunity" the deeper commitment should be for equal quality for everyone The present multitrack system he maintains must therefore be completely reformed In The Paideia Proposal An Educational Manifesto (Macmillan \$2.95) published this week he proposes a sweeping nationwide, twelve-year single-track academic program with virtually no electives and no vocational training The ringing words of the late Robert Maynard Hutchins are Adler's anthem The best education for the best is the best education for all

The Paideia proposal (which takes its name from the Greek word meaning the upbringing of a child) rests on Adler's conviction that specialization is the besetting sin of our time. The program aims, he says, at "enabling the young to become better human beings and better citizens not just better at some particular line of work 'The goal is bold, perhaps utopian and typical of this tireless polymath Adler, 79 is an encyclopedist and organizer of knowledge whose Great Books (with Hutchins) and Great Ideas volumes set out simply, and comprenensively to make the intellectual monuments of Western civilization available to any reader

Three years ago, Adler, director of the Chicago-based Institute for Philosophical Research, formed the Paideia Group a panel of 22 educators and scholars who held a series of conferences seeking a new approach to public schooling Among the participants former Columbia University Provost Jacques Barzun, Bard College President Leon Botstein Editor and Critic Clifton Fadiman

The primary elements of the Paideia proposal are what Adler calls the three columns These represent the three types of learning that should go on simultaneously throughout all twelve years as well as the styles of teaching required for each The first consists of the acquisition

of fundamental knowledge history, literature, languages, mathematics science and the fine arts. This material should be instilled didactically, through lectures and the like The second column develops the basic intellectual skills of reading writing, mathematical computation and scientific investigation know-how as opposed to know-what These should be taught just as physical or athletic skills are taught, through practice and coaching The third and most innovative column refers to the enlargement of understanding the aesthetic appreciation of works of ait and the ability to think critically about ideas and values. This calls for a Sociatic method of teaching the lone requirement a large table of students where the teacher is simply the first among equals

In addition Adler proposes twelve years of physical education and eight

Some educators familiar with Paideia suggest that Adler has neglected one crucial question. Who will teach the teachers? Phil Keisling, an editor of the Washington Monthly, believes that "the legions of incompetent teachers are an even more distressing problem than the laxity of curricular standards. Adler acknowledges that further reforms will be necessary to retrain teachers, and he urges that teachers should receive a solid liberal arts education and "the hell with courses in pedagogy and educational philosophy"

A more serious objection being raised against Paideia is the charge that it is elitist. Harvard Sociologist David Riesman doubts that a nation as diverse as the US could sustain a uniform "core" curriculum. It could be done in Japan, it is done in France, but we're too heterogeneous in this country. Educational Historian Paul Nash of Boston University places Paideia in the tradition of the gentleman's education. Studying such things as the Iliad, he contends, will serve to make the "nongentlemen groups"—blacks, Hispanics,



Mortimer Adier beguiles three Chicago high school students

Teaching the general learning that should be the possession of all human beings

years of manual arts (such as cooking typing, automobile repair), and at least one year of instruction to help in choosing a career Paideia thus becomes the general learning that should be the possession of all human beings

o Adler Paideia is a model within reach He is preparing a manual, to be issued next year that will help school systems and teachers implement the proposal One teaching experiment has already been carried out at the Skyline High School in Oakland Calif Seventy-five students spent one year studying 50 of Adler's Great Books using the Socratic method of pedagogy The results says Principal Nicholas Caputi were 'stellar.' but some 80% of the students were classified as gifted anyway A fuller test will come in Chicago, where Superintendent Ruth Love plans a pilot school that will give the program a three-year trial run

women, the lower class – less employable than before Adler however fiercely maintains that society s low expectations of children are self-fulfilling. He affirms that everyone is educable up to his or her capacity precisely what Paideia is designed to do

Adler does not deny the difficulties He concedes that it may take 30 years for Paideia and like-minded reforms to reverse entrenched attitudes and practices Indeed, Paideia is part of a nationwide trend toward more traditional and rigorous schooling Ultimately as David Riesman suggested only by hitching the rickety wagon of American education to a star can it be made to budge an inch. Affirms Adler 'An ideal---even a difficult one excites everyone's imagination. To say it cannot be done is to beg the question We've got to try it " - By Richard Stongel. Reported by Dorothy Ferenbaugh/New York and J. Madeleine Nash/Chicago

TIME CEPTEMBED & 1000 29

Religion

For the Windy City, Fresh Air

Joseph Bernardin takes over a huge, troubled archdiocese

e arrived at O Hare Airport last week with a smile a wave and a corny line. I feel so welcome, I bought a one-way ticket. Welcome he was The 2 374,000-member. Archdiocese of Chicago celebrated as Joseph Louis Bernardin. 54 proceeded through the weeklong found of rites that marked his installation as archbishop. Already one of U.S. Roman Catholicism's handful of most important leaders. Bernardin (pronounced Burnuh-deen) is taking charge of the nation's largest archdiocese. In time, he will be named a Cardinal, the first in the U.S. of Italian descent.

Bernaidin's new domain is also one of the church's most demoralized Long before the Second Vatican Council the archdiocese led the nation in liturgical and pastoral innovations social action and intellectual debate But that spirit waned under the conservative leadership of John Cardinal Cody who was archbishop from 1965 until his death last April Cody was an old-style autocrat who alienated large groups of Catholics He spent diocesan money, closed inner-city schools and reassigned priests with little or no consultation In later years he became increasingly isolated from his clergymen nuns and laity. His last months were darkened by accusations that he diverted up to \$1 million in church moneys to aid his step-cousin, Helen Wilson Cody denied any wrongdoing but regally refused to offer an explanation of how his funds had been used

Bernardin displayed an exactly opposite personal style during his decade as Archbishop of Cincinnati He took daily walks downtown and often chatted with people around Fountain Square Motorists waiting at ted lights were often surprised to see the cleric also waiting patiently

for the green behind the wheel of his 1981 Oldsmobile Bernardin not only shunned the services of a chauffeur but also sold off the aichbishop's mansion and moved into a three-room rectory apartment. He also wrote a regular column on church and social issues for the diocesan weekly then published letters disputing his views.

A highly skilled administrator Bernardin established a pastoral council to furnish him with ideas and advice. He set up \$1 million in two funds to keep innercity schools running and this year started a program to aid the unemployed. His annual financial reports included an accounting of his own \$100,000 discretionary fund. Says the new archbishop. 'The church is not a democracy, but the re-

sources that the church has to carry on its mission are provided by the people and they have a right to know how their money is being used 'He is, in short a model of the post-Vatican II bishop, open to debate but loyal to Vatican policy

The archbishop has always sought to be a pastor as well as a bureaucrat. A few years ago, he began awakening at 6 a m instead of 7 a m in order to get in an extra hour of prayer. On one occasion a friend phoned him in the middle of the night seeking a priest who could hear the confession of an anguished wayward Catho-



Fountain Square Motorists waiting Greeting Chicagoans at cathedral after installation Mass at red lights were often surprised to He is very definitely going to be a people's archbishop

lic Bernardin turned up but was introduced as Father' to spare the penitent any embarrassment

Bernardin's record is that of a highly successful ecclesiastical politician. He became the country's youngest bishop in 1966 and general secretary of the hierarchy's national staff two years later. By 1974 he had an international reputation as an elected representative to an elite group that supervises bishops' synods in Rome Serving with him was Kaiol Cardinal Wojtyla, who later became Pope John Paul II

Bernardin demonstrated his considerable tactical skills over the controversial Call to Action conference in 1976. He won the admiration of the liberal clergy

by helping to organize the event But when delegates attacked papal teachings regarding birth control celibacy and women priests. Bernardin managed to preserve good relations with conservatives in the Vatican He had warned them about the likelihood of dissent by the delegates and steadfastly maintained his support of church policy

The archbishop developed his knack for high-level church politics without ever studying in Rome and attended public as well as parochial schools as a boy in Columbia SC His father a stonecutter from northern Italy died when Joseph was six, and his mother supported the family as a seamstress. In 1945 Bernardin left the University of South Carolina, then entered a seminary. He returned home in 1952 as a protege of liberal Bishop Paul Hallinan.

An appointment as chancellor of the Charleston diocese began his rapid rise through the ranks

Asked about his goals in Chicago Bernardin says simply I do not come here with a bluepint I don't have a bagful of tricks I ve come to proclaim the Loid and his Gospel to be a good pastor to do everything I can to create a climate in which people can come together

or Chicago's Catholics that is plenty Observes Lay Activist John McDermott He's coming into the wake of a disaster and there is so much good will and hope that he will succeed that he has a lot going for him Mayor Jane Byrne immediately pronounced He is very definitely going to be a people's archbishop Says Father Philip Cleary, head of an independent priests association that often sparred with Cody The Holy Father has made the wisest choice for Chicago We are looking forward to an era of cooperation collaboration and mutual respect

The week's emotional high point was a candlelight prayer service in Holv Name Cathedral, where Bernardin told a congregation of priests,

"I need your great talent energy collaboration, faith, loyalty challenge and honest counsel "Then he spoke touchingly of his troubled predecessor 'I was four years old when the Cardinal became a priest We are men of different generations and different experiences. I was saddened by the pain suffering and conflict that seemed to cloud his final years. By any objective measure Cardinal Cody did many good things for Chicago that make my work easier If any hard feeling, bitterness or anger-toward the Cardinal or among yourselves-remain in your hearts, tonight is the night to cast off this burden The congregation burst into applause and later a standing ovation that heralded a new beginning -By Richard N. Ostling. Reported by J. Madeleine Nash/Chicago

- **Medicine**

The Deadly Spread of AIDS

Homosexuals, Haitians and hemophiliacs fall victim

1979 Young homosexual men with a history of promiscuity started showing up at the medical clinics of New York City, Los Angeles and San Francisco with a bizarre array of ailments Some had Pneumocystis carinii pneumonia a deadly disease rarely seen except in drug-weakened cancer and transplant patients Others bore the purplish skin lesions of Kaposi's sarcoma, a cancer that is usually confined to elderly men of Mediterianean extraction and young males in Equatorial Aftica Still others had developed strange fungal infections of other rare cancers. All had one thing in common an immune system so severely impaired that they were living playgrounds for infectious agents. As soon as one bug could be brought under control, these patients would fall prey to another gradually wasting away

It has been 16 months since the Centers for Discase Control in Atlanta began compiling statistics on acquired immunodeficiency syndrome or AIDs as the disease is now known. During that period AIDs has struck 547 people in the U.S. and at least 21 abroad killing 232, more than toxic shock syndrome and the Philadelphia outbreak of Legionnaire's disease combined. This is a very very dramatic illness—says Dr. James Curtan head of the 120-member CDC task force on AIDs

I think we can say quite assuredly that it is new. What makes AIDS especially alarming, says Curran, is that its incidence is rising from one case a day in the first six months to two or three cases a day in the past three months What is more the epidemic has spread beyond the homosexual community into several other segments of the US population.

AIDS victims fall into four general groups (with some overlapping)

▶ 75% are homosexual men Most are Caucasians in their 30s and 40s with a college education incomes averaging \$20,000 a history of prior infection with mononucleosis and venereal disease, and a sex life that has included many partners more than 500 in several cases

▶ 25% are intravenous-drug abusers, also in their 30s, but usually black or Hispanic, heterosexual, and with a high school education at most Of this group, 9 are women

b 6% are Haitian immigrants, three of them female most of them heterosexuals and non-addicts. All are believed to have been infected before coming to the U.S.

▶ 5^{c} ? (three in all) are hemophiliacs who are not gay, Haitian or drug addicted

The search for a common thread among these widely diverse groups has

confounded researchers from coast to coast. When AIDS was confined to the gay community says Curran 'our efforts were concentrated on trying to dissect out life-style differences Various sexual practices and the use of amyl nitrite poppers. inhalants widely used by homosexuals to enhance orgasm were among the subjects investigated. The life-style theory does not however explain the emergence of AIDS in non-gay populations. Most researchers now believe that an infectious agent is involved in AIDS. This agent is probably transmissible in a variety of ways through lesions caused by anogenital sex for example or by dirty hypoder-



Kaposi's sarcoma patient receives interferon
Living playgrounds for infectious agents

mic needles. The hemophiliae cases raise the frightening possibility that it can also be transferred through blood transfusions. One model for such an agent is the hepatitis. B virus, which commonly infects homosexuals, drug addicts donor-blood recipients and, partly because of poor sanitary conditions most Haitians. A few researchers speculate that the AIDS agent may have originated in Haiti and been sexually transmitted to American homosexuals vacationing there.

The narrow geographic distribution of AIDs further supports the transmissible-agent theory. Half the cases occurred in New York 20% in California. More to the point, AIDs has been traced from sexual partner to partner. In one Los Angeles study, nine out of 13 patients had had sexual contact with one another. In San

Francisco, six pairs of "roommates" have been stricken with Kaposi's sarcoma

So far efforts to isolate an AIDS bug have come to nothing. The CDC has cultured specimens from lymph nodes, urine, feces and blood of AIDS victims and then inoculated them into specially bred marmosets at a cost of \$25,000 for testing on each animal. Unfortunately as Curran points out 'it is not known whether there is a transmissible agent, whether the patients we're studying harbor it, which body secretion may contain it and whether marmosets are an appropriate species'

While some investigators delve into the question of AIDS transmission others are exploring the nature of the disease The type of immunosuppression found in AIDS patients appears to be unique affecting white blood cells called T lymphocytes (I for thymus which plays a role in their development) Certain of these cells help defend the body against viruses, foreign tissue (like organ transplants) and the growth of cancer cells. There are several types including helper T cells which promote the production of antibodies against foreign invaders, and suppressor T cells which reduce antibody output Healthy individuals have twice as many helpers as suppressors. In AIDS victims, the ratio is reversed helper cells are depleted. No one knows what happens to these cells but New York Immunologist Roger Enlow has a theory 'Just as hepatitis B virus preferentially attacks liver cells it is probable and even likely to have a virus that attacks helper T cells

Theories are of course of little use for those now suffering or at high risk of contracting AIDS. Panic has set in on Greenwich Village streets and in 'the Castro San Fiancisco's gay quarter. I ocal AIDS hot lines are receiving 30 calls a day. There is evidence that at least some gays are curbing their night life out of fear.

ecause of the widespread concern over AIDS more victims are seeking medical attention at the first signs of the disease. Often these include low-grade fever, swollen glands and general malaise. Larly detection makes it easier to control infections with antibiotics and to treat Kaposis by surgical excision of lesions chemotherapy and more recently, the experimental use of interferon. The discovery that Kaposis is more likely to strike a certain genetic type has made high-risk individuals easier to identify.

It is hard to find anything positive in a deadly plague but immunologists, virologists and cancer experts agree that AIDS represents a remarkable experiment of nature. The new scourge says New York Immunobiologist Pablo Rubinstein, 'may teach us more about cancer and old familiar diseases than we are able to fathom at this time.

—By Claudia Wallis.

Reported by Richard Bruns/New York and Joyce Leviton/Atlanta



Economy & Business

Wall Street's Super Streak

Volume on the Big Board tops 1 billion shares in a ten-day buying spree



No one predicted it No one can explain it No one dreamed that it could keep going day after day after day But last week Wall Street continued on one of the most unbelievable stock-trading binges

in financial history

The frenzy has broken records, and then broken them again After an unprecedented 455 million shares were traded on the New York Stock Exchange in the five days ending Aug 20, an even more spectacular 550 million shares changed hands last week Before the current rally, the stock exchange had never had a 100 million-share day I ast week trading volume topped that magic mark four consecutive times The peak of 138 million shares on Thursday shattered the one-day record of 132 7 million that had been set only eight days earlier Average daily volume before the current spree had been only 52 3 million shares Says Donald Iseman, a partner in the Neuberger & Berman investment firm and a stock trader for 36 years "I remember when volume was 1 million shares on a good day If anyone had said

that we would some day do 100 million shares, I think that he would have been institutionalized."

The direction of the surge has been up and down but mostly up Since the advance began, ironically on Friday. Aug 13, the Dow Jones industrial average has gained 106 55 points, to 883 47 Says Greg Smith, director of research for the EF Hutton brokerage house "We think the market has turned and could rise another 25% in the next year"

Investors across the US are caught up in the excitement Sitting on money was no fun any more, says Steven Geringer, vice president of a Nashville organization that helps schools with fund-raising drives "Everybody wants to gamble again" Complains Scott Stern, an executive for an Atlanta firm that owns bowling alleys "A few weeks ago my broker called me three times a day with stock tips Now phoning him is like trying to call an airline in December" Because shareholders suddenly feel richer, the stock rally could help boost consumer spending and give a lift to the entire economy

For the brokers who work the floor of the Big Board the past two weeks have been as exhausting and exhilarating as a triumphant run in a marathon race Never have they logged so many miles rushing between the buzzing telephones along the walls of the exchange and the bustling trading posts in the middle Never have the stock prices, which are flashed in green on the electronic tapes overhead, surged, dipped and surged again with such stupefying speed Never have so many big deals been executed one after another It feels like you can never get done "says Harry Buonocore, a floor broker for the Pershing securities firm 'You have 25 things to do at the same time, and you forget who you are" The rewards, though, have been well worth it "I am giving away more business to other brokers than I usually do myself," exults James Reynolds, an independent floor trader

Despite the delirium, however, nagging questions remain What, if anything, do the sound and fury in the stock market signify? Why the incredible, almost insane, trading volume? Is this a suckers'



rally or the beginning of a sustained bull market? Why has the momentum been so strong when the prospects for economic tecovery are so uncertain?

Sudden moves in the market have often come at dramatic turning points in the course of economic policy. On Nov 1, 1978 the Dow Jones average gained 35 points after Piesident Carter unfurled a dramatic plan to shore up the value of the dollar in international commerce. On Oct 6 1979, the Federal Reserve Board announced a historic policy change by adopting a more monetarist approach for controlling the U.S. money supply. That had the immediate impact of sharply boosting interest rates. Within a week, the Dow dropped almost 59 points.

Two weeks ago, many investors sensed that another economic watershed had been reached Inflation had slowed dramatically, interest rates were falling and Congress finally passed a \$98 billion tax-increase bill designed to reduce worrisome budget deficits Suddenly there was strong new hope that Reaganomics might work to pull the American economy out of its stagnation

Even so, the market is still edgy and extraordinarily volatile. Persistent fears about the future of the economy have restrained the buils from running free. After jumping 22 points on Monday of last week, the Dow average plunged 16 points on Tuesday It rose 1° on Wednesday and Thursday and then dipped 9 on Friday. For the week, the Dow was ahead by 14 points.

The market showed an amazing capacity to absorb bad news Before trading opened on Thursday, Manville Corp, the largest US asbestos producer, unexpect-

edly announced that it would reorganize under the protection of the federal bankruptcy laws Manville's business operations are still sound, but the company has been overwhelmed by lawsuits from thousands of people claiming to have suffered serious health problems because of exposure to asbestos Even though Manville stock was one of 30 that make up the Dow Jones industrial average the market shrugged off the firm's troubles, and the Dow gained 11 points in the first hour of trading Dow Jones quickly said that American Express Co would replace Manville in the blue-chip index starting this week

ater on Thursday, one of Wall Street's most stubborn bears, Analyst Robert Farrell of Merrill Lynch, suddenly sided with the buils He predicted that the rally would last for seven to eight weeks and perhaps take the Dow to 950 Previously, he had forecast a peak in the index of no more than 870 this fall

The brokers, who have been saying for the past five years that the market was oversold and that stocks were the best investment value around want desperately to believe in the rally because their business has long been in the doldrums From its alltime peak of 1051 7 in January 1973, the Dow average fell to a low of 5776 in December 1974 Since then it has bounced around, but it almost always seemed stuck under the 1000 milestone The Dow broke through to 1024 in April 1981, but three weeks ago it stood at just 770 During those years of the bears, millions of American investors pulled out of Wall Street and began putting their cash

Bargaining for blue chips on the bustling floor of the New York Stock Exchange

into money-market funds real estate or gold In 1970 households held 38% of their financial assets in the form of stocks By the first quarter of 1982 stocks accounted for only 21% of those holdings

Big institutional investors, including pension funds, insurance companies and bank trust departments, are normally heavy buyers of stocks, but in recent months even they had been shunning the market because high interest rates made other investments more attractive. They parked much of their cash in Treasury bills, bank certificates of deposit and other short-term investments that offered safe returns of 11% to 13% In a survey done in midsummer, Martin McKerrow. a vice president of the A.G. Becker investment firm, found that the typical pension fund was holding only 49% of its assets in stocks, compared with 66% five years ago

Since late July however interest rates have been falling sharply and the return on many short-term investments has dipped below 10% making them increasingly less attractive as an alternative to stocks When Henry Kaufman and Albert Wojnilower two of Wall Street's most respected forecasters, predicted two weeks ago that interest rates would decline further in the coming year, institutional investors had the signal they had long been waiting for In a rush of panic proportions they bought stocks as they never had before For the past two weeks the number of block trades of at least 10,000 shares has averaged more than 1,600 per day Last year the daily volume of such trades was only 575 Says Becker's

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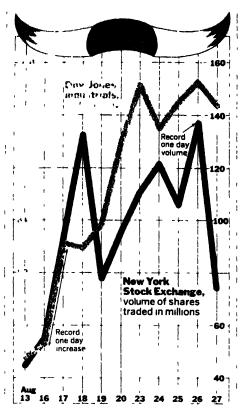
Economy & Business

McKerrow Clearly, many portfolio managers were afraid of being late and missing an event 'Kenneth Rolland who manages an \$11 billion trust portfolio for New York City's Chemical Bank says that he responded immediately to Kaufman's new forecast by buying \$1 billion worth of stocks (see box)

The institutional investors were able to move so fast in part because of the impressive wizardry of modern technology Historically, the complexities of managing multimillion-dollar portfolios containing dozens or even hundreds of stocks have made the big funds hesitant and often slow to follow market trends. Now however, managers can press a few keys on their desktop computer terminals and find out instantly how any stock in their fund is doing at that moment how the total value of their portfolio is changing, what is happening to all the shares being traded on the exchanges and where the bargains are. These big bulls of the bull market then move quickly to make very large transactions. It is primarily this ability to make snap decisions and then act fast that has helped generate the huge trading volumes

Though institutions have powered the tally so far many individual investors are deciding to take their chances on the Big Board once again. Buy orders are starting to pour in at retail brokerage offices. Says Keith Kretschmer manager of the Los Angeles branch of the Bear Stearns investment firm. The institutions started this rally But now I think everyone else is coming in and the advance will keep going.

The upswing has shown unusual strength across the entire spectrum of stocks being traded. Blue-chip shares favored by institutions including IBM, Sears and A.T. & T. were the early prime movers. Since then the enthusiasm has spread to the stocks of smaller companies. The price of National Medical Enterprises which operates a chain of hospi-



tals has risen 32% in the past two weeks Apple Computer has gone up 47%. When the Dow Jones average of 30 blue-chip industrial stocks retreated temporarily on Tuesday last week many second-tier stocks kept on climbing. As a result the advancing stocks on the Big Board outnumbered the declining ones by 701 to 561 despite a 16-point drop in the Dow.

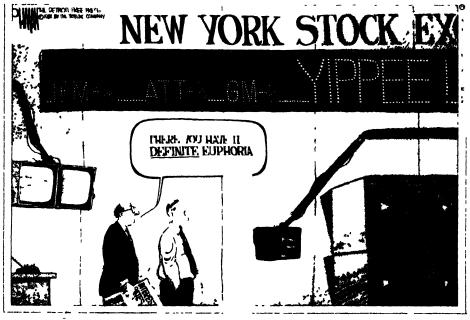
The American Stock I xchange and the over-the-counter market which deal in relatively small firms that are favorities of many individual investors also scored brisk gains. Even the petroleum stocks long depressed by the oil glut that is driving down energy prices got a boost last week following reports that Iraq had bombed Iran's Kharg Island oil port On the day the news broke the price of Union Oil of California, for example, rose nearly 10% to \$27

As furious as the rally has been, the potential pool of money that could flow into the stock market has hardly been tapped There are still some institutions and many individuals who haven't returned to the market but are waiting to see if the rally is for real says William Goldstein executive vice president of the Burton J Vincent Chesley & Co investment firm in Chicago 'We believe that the market has nowhere to go but up One gigantic horde of cash is the \$227 billion stashed away in money-market funds Says Steven Einhorn investment strategist for the Goldman Sachs brokerage house We are going to see more and more individuals turn to the stock market, because the yield on the money funds is coming down so dramatically I ast week these investments carned an average return of 10 4% compared with 12 2% only a month ago

o far though the money-market funds have not been losing cash In fact their assets rose by \$3.7 billion last week Says Joseph Di-Martino president of Dreyfus Liquid Assets one of the largest money funds. The individual investors we have attracted tend to be savers. They want to avoid risk and preserve capital. Most investors remember that the Dow Jones average first touched 1000 in 1966. If stock prices are adjusted for inflation the Dow would have to reach at least 2000 merely to equal its 1966 level. For many it will take more than a two-week flurry to erase the memories of more than a decade of declines and losses Says David Logan 60, a retired real estate developer in Chicago I m not jumping into this market I m selling in this market and would advise anvone else to do the same This is one of those times when you can't see very far ahead

Some brokers admit that there is a streak of euphoric irrationality in the market's response to falling interest rates The cost of money has plunged mainly because sluggish sales mass unemployment and an alarming rate of bankruptcies have dried up loan demand Unless the economy rebounds vigorously, corporate profits will not be strong enough to sustain higher stock prices Warns Jay Goldinger. a broker with Cantor, Fitzgerald in Beverly Hills The economy is really much worse than anyone wants to believe This rally is a trap The market is reacting to lower interest rates like a voracious dog at its 4 pm feeding The bowl is out, but there's nothing in it" Goldinger is the rare broker who is advising his clients to hold on to their cash

As always, the market is trying to look



beyond the economic trough to the recovery beckoning in the distance. Historically, stock rallies have often foreshadowed economic upturns by six to nine months. But many brokers fear that this recovery in prove to be a mirage. Says Richard Atlas manager of Goldman Sachs. Los Angeles branch. There are still some very major problems. You can't expect to pull strongly out of a recession as long as housing autos and agriculture three of the most important industries in the U.S. are in a depression.

False rallies have occurred many times in the past. In early October 1974 during a deep recession, the Dow Jones average was languishing at 585. Then a decline in interest rates sent the average shooting up 90 points in a month to 675. Just as suddenly however, interest rates bounced back up a bit the rally hizled and by early December the Dow had plummeted nearly 100 points to a twelve-ear low of 578.

Though concerned about the severity of the recession, the financial community hopes that the troubles will at last wring rapid inflation out of the US economy More than any other factor rising prices have been responsible for steep interest rates and sagging stock values over the past ten years Says John Redmond a stock trader for Fowler & Rosenau - If inflation were to be licked a Dow of 2000 would no longer be out of the question In the back of every brokers mind however is the fear that federal budget deficits which even after passage of the new tax-increase bill threaten to top \$100 billion annually over the next few years could unleash inflation once again

ut there was one group of Wall Streeters with unreserved confidence about the future the officials and technicians of the New York Stock Exchange In two historic weeks they have faced their preatest challenge and prevailed. During the notorious stock market plunge of 1969 when the Dow Jones index fell 199 points in seven months the Big Board was so overwhelmed by paperwork that it was forced to close trading two hours early every day Harried clerks in brokerage-house back offices worked night and day to cope with the deluge Though average share volume seemed enormous at the time it was about one-tenth the level of last week

Since that disastrous period the stock exchange has spent some \$70 million on eleven separate electronic systems to relay orders to trading posts record sales and provide swift and complete information to brokers on how the market is moving That costly investment paid some blue-chip dividends last week. The rectorrent of trading was handled with ease Even at the peak of the action on the 138 million-share day, the electronic tapes that list every single trade were a mere 18 minutes behind. It was all a bully good show —By Charles Alexander. Reported by Sue Raffety and Frederick Ungeheuer/New York

The Big Guns of August

A salways Kenneth Rolland 51 arrived at his office on the 58th floor of the RCA Building in New York City's Rockefeller Center just before 8 one recent morning and immediately sat down to his regular staff meeting with two senior portfolio managers and two top traders. As an executive vice president of Chemical Bank, Rolland manages \$11 billion in trust funds. One of his staffers told him that there was a rumor around Wall Street that Henry Kaufman, chief economist at the Salomon Brothers brokerage firm, had changed his forecast and was about to predict publicly that interest rates were coming down

Rolland called a friend at Salomon to confirm the rumor and then acted fast By the end of last week he had moved nearly \$1 billion into the stock market Says Rolland "Once we made up our minds, we never looked back"

Rolland is one of a few hundred managers of large portfolios who are Wall Street's big guns of August. He and a staff of 56 people have sent out buy orders for more than 1 000 blocks of stock. Each block contained at least 5,000, and sometimes more than 10,000 shares. Rolland estimates that the Chemical Bank portfolio has gained \$750 million in value during the past frenetic fortnight.

Although Wall Street still projects an image of shouting brokers and mountains of ticker tape. Rolland and his staff conduct their business with quiet, microchip efficiency in a Chippendale-furnished office. Seconds after the Chemi-



Billion-Dollar Dealer Kenneth Rolland

cal Bank group decides on a stock to buy an order is called over a tie-line telephone link to a Wall Street broker who transmits the order to floor traders at the New York Stock Exchange The transaction is registered quickly in the mammoth computers of the stock exchange which have the capacity to handle deals for up to 150 million shares a day A phone call later Chemical Bank officials receive confirmation of the transaction and enter the information in their computer which is linked to their Pine Street operational headquarters in Manhattan's financial district The Chemical machine can spit out extensive historical information on the 75 key stocks in which the bank has heavy investments

Rolland and his top managers have been buying a broad range of stocks that they expect will profit from dwindling interest rates First

they purchased utility issues, such as Alizona Public Service, Tucson Electric Power and Northern States Power. The borrowing costs of those companies will be declining, and that will help profits. Next they moved to housing-related stocks that would benefit if the lower interest rates encourage a pickup in home-building. Their favorites. Weyerhaeuser and Georgia-Pacific Anticipating that consumer spending would increase, Rolland bought Sears. Roebuck and Co. MCA, Procter & Gamble and two drug companies, Syntex and American Home Products. Smaller profitable airlines which would benefit as travel increased in a healthier economy also looked good, so Chemical bought US Air and PSA. One industry group that he totally avoided was energy stocks. Says Rolland. I m still not sure about the future price of oil.

The sharp drop in the Dow Jones industrial average last Tuesday did not shake Rolland's conviction that a fundamental shift in the market was at hand Nonetheless, he was concerned enough to hold a new strategy session with his top tacticians. Says he 'In this kind of atmosphere you expect down days because there are too many people in the market who take their profits and run. But right now we think the trend is still up." Rolland's optimistic outlook if interest rates continue to decline and confidence in the economy grows stronger, the Dow Jones index will rise another 100 points.

As methodical at the end of the day as he is at the beginning Rolland during the past two weeks left his office each evening promptly at 5 30. Then, after having dinner with his wife, who is a truant officer for a local school in New Jersey, and studying some investment reports he sat down and read a few pages of Robert Ludium's bestseller *The Parsifal Mosaic*. After a day of million-dollar dealings, the world of double agents and Eastern European intrigue is a good escape

TIME, SEPTEMBER 6 1982

Economy & Business

Hope and Worry for Reaganomics

Interest rates tumble, but the recession subbornly lingers on



Despite the late-summer explosion in the stock market, American business is in a somber and cautious mood as it approaches Labor Day Then factory hands and clerks stream back from the

beaches and backyards to their lathes and typewriters, and salesmen hit the road again, knowing that their customers will once more be at their desks rather than on the golf links or tennis courts. Everyone, from the executive suite (indeed, the Oval Office) to the grocery check-out, tries to read the early signs to divine what is likely to occur in the months ahead. The chief questions. When is the economic recovery coming, and how strong will it be?

Rarely has the search for omens been as anxious as now, when business is still mired in a slump that has driven unemployment to the highest point in 41 years and bankruptcies to the woist level in half a century And rarely, if ever, have the signs been so confusing The forecasters who try to figure out the prospects for jobs, prices, production and incomes are in the position of a motorist approaching a schizoid traffic light that is flashing green, amber and red signals all at once

Which signal turns out to be the true one will pose a crucial test for Reaganomics, the theory espoused by President Reagan that a combination of deep cuts in taxes and federal spending tight control of the money supply and a general lessening of Government intervention in the economy will eventually lead to healthy noninflationary economic growth By last summer, the President had put most of his program through Congress, and just about then the slump started But the policy has yet to achieve the promised payoff

Fortunately, for almost the first time since the beginning of the recession in July 1981, there are some genuinely hopeful signs. The towering interest rates that virtually every economist has identified as the most daunting hurdle to recovery have come tumbling down faster than almost anyone would have dared to predict a few weeks ago The Federal Reserve Board last week dropped its discount rate the amount it charges banks and other financial institutions that borrow funds, for the fourth time since July 19 The discount rate now stands at 10% Meanwhile, the prime rate that banks charge their most creditworthy business customers has dropped to 131/2%, down three points since midsummer and the lowest since September 1980, some other short-

Even in once booming Dailas, this construction site can no longer offer work

term rates have come down even more sharply. The decline is also spreading to interest charges that are of concein to anyone hoping to buy a house or car. Government agencies last week lowered the interest charges on VA- or FHA-backed mortgages to 14%, and the financing subsidiary of Ford Motor Co. dropped the level of new car-purchase loans to an average of about 16%, all are down one point.

Of more concern to Main Street, the annual rate of inflation, as measured by the Consumer Price Index, dropped in July to 73%, after two months of renewed flirtation with double digits For a welcome change, after-tax incomes are now rising faster than prices, about 1½% more rapidly in the most recent twelve months That means that consumers are slowly acquiring more purchasing power, following two years of stagnation or even decline

The stock market rally in response to these favorable signs caused some Wall Streeters to talk as if the millennium had suddenly arrived Said Stephen Weisglass, president of Ladenburg, Thalmann & Co a brokerage house "This is the first leg of a great bull market that will take us to an alltime high by 1983, if not sooner "Such euphoria was obviously not shared by most businessmen, but it cannot be entirely dismissed Stock prices have a respectable, though far from perfect, record as an indicator of future trends in general business, and can also help nudge the economy in the direction they foreshadow Bull markets on Wall Street make some people feel richer thus more willing to spend and they make it easier for companies to raise money by selling new stock issues rather than by borrowing That is a tendency that would be especially helpful now, when many corporations are sag-

ging under the burden of repaying heavy debts incurred at crushing interest rates

But for every cheerful sign, there is at least one gloomy one or, more often, one-and-a-half Every week brings fresh news of falling sales and profits, new factory closings, more layoffs Some samples from last week Exxon, the world's biggest industrial corporation, announced that it would permanently close 850 gasoline stations in the Northeast and Midwest, and dismantle part of its giant Bayway refin-



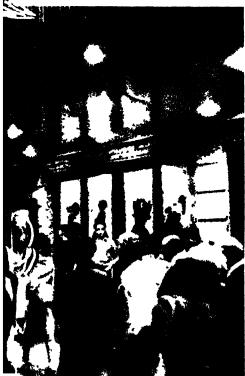
New Yorkers and tourists wait to enter 46th







Victims of the struggle against inflation: an unemployment line near Detroit, a jobless warehouseman and family receiving private welfare help



treet Theater to see the new musical "Nine"

ery in New Jersey to cope with a decline in retail business. Sales of the Big Three automakers in the middle ten days of August fell a striking 35% below those of a year earlier. In Detroit, where determined optimism has always been a kind of religion, the big guessing game last week was whether sales of U.S.—made autos for all 1982 will be merely the lowest since 1961 (5.56 million cars) or drop even below that miserable mark

Overall, US factories and mines in hely operated at 69 5% of capacity, compared with an average of 85 7% in 1979. And in industry after industry executives say that they can see few signs of any rise in orders that would permit a boost in production soon. A typical report, from Lynn Michaelis, chief economist of Weyerhaeuser Co, the giant wood-products

firm "Pulp sales currently are the lowest they have been in 15 years. The paper markets which had been holding up until now are showing signs of weakness. Like many other companies, Michaelis adds Weyerhaeuser is deferring new investment until there are more conclusive signs of an upturn 'Basically, we have no major capital projects slated beyond this quarter"

The upshot of all this is that the unemployment rate in July hit 98% of the work force the highest figure since 1941 Hard times are spreading into Sunbelt areas that once thought they were immune to the recession. In Texas, the unemployment rate was officially estimated at 7 3% in July Nolan Ward chairman of the Texas employment commission, thinks that the true rate was 84% In any case, the state fund out of which unemployment benefits, which average \$123 a week are paid is in danger of running dry by year s end Republican Governor William Clements, who is in the midst of a hard campaign for re-election has called a special session of the Texas legislature next week, at which he will propose that the state borrow \$250 million to \$300 miltion from Washington for two years at 10% interest to continue payments. That is a prospect that Clements an archconservative, finds abhorient, but preferable to tapping the state's general revenues or increasing the payments that Texas employers make into the fund

Nationally there are no signs that the drop in interest rates has stemmed the tide of bankruptcies among debt-burdened companies. Quite the opposite Dun & Bradstreet the credit-reporting authority, counted 572 companies that went bust in the week ending Aug 19, the highest weekly figure in 50 years. So far this year, bankruptcies total 15,133 a rate that seems likely to push the figure for all 1982 to the highest point since 1932, the worst of all Great Depression years.

What is especially maddening to policymakers and businessmen trying to read this soggy mess of economic tea leaves is that nearly all the signs are ambiguous For example a small rise in the second quarter in total output of goods and services would not mally be hailed as a signal that the recession is ending This time, however too much of the production wound up in unsold stockpiles of autos metal and all manner of other goods. The result new production will now have to be held down until those unwanted inventories are sold off. Even the decline in inflation though it is the healthiest of all signals for the long run has negative short-term aspects. While no corporate chief would ever admit it publicly Wall Streeters insist that some of their confidants among company leaders whisper that they could use a few more months of price rises at a 10% annual rate so that they can pay off their firms' debts with cheap dollars

ost striking of all the drop in interest rates and the accompanying surge in the stock market began as a rather surrealistic reflection of black pessimism. The major reason for the first cracks in rates and the market boom was the expectation that business will be so weak in the coming months that it will drive down the demand for loans. The result of that would mean lower interest rates. Thus the market to a large extent has been exuberantly celebrating an expectation of bad business.

Nonetheless, the doings on Wall Street have converted some of the gloomiest economists to at least mild optimism Morgan Guaranty Trust only a few weeks ago had predicted that the worst is yet to come" Milton Hudson the bank's chief domestic economist now says Because of this incredible decline in interest rates, I am suddenly feeling very upbeat ' Edward Yardeni chief economist of EF Hutton & Co startled his colleagues early this year by forecasting a 30% chance that the recession would spiral down into an outright depression. He asserts today that the recovery mechanism is slowly getting into gear

It looks in fact, as if the invisible hand" of Adam Smith's self-regulating

TIME, SEPTEMBER 6, 1982 37

Economy & Business

economy may be very belatedly and imperfectly back at work Though it was the persistence and severity of the recession that brought interest rates down, the drop will now help push business back up Irwin Kellner, senior vice president of Manufacturers Hanover Irust the tourth biggest US bank estimates for example that every drop of I percentage point in the mortgage rate adds another 10% to the number of families that can afford to buy a house. Lower chases and help debt-burdened

businesses stay out of bankruptcy by redevouring their profits

hough they readily admit that the recession has dragged on longer than expected and has probably not ended even yet nearly all economists expect an upturn of sorts to begin soon Sam Nakagama of Kidder Peabody & Co a New York City brokerage firm denounces his colleagues and the press for even talking about a recovery when there are no conclusive signs of one. Yet he adds in the next breath that he too expects one to start by year's end

A major cause for the anticipation of an upturn apart from the drop in interest rates is that most consumers have come through the recession in fairly good shape They have pared down their debts from a high of 149% of disposable personal in-



rates also should encourage a Protesters picketing outside a Republican fund raiser last week

slow revival of other credit pur- The President responds that the first hints of recovery can be seen

ome in May 1979 to a bit less than 13% ducing the interest payments that are now last June Personal income after taxes rose 2 1% in July sputted partly by the second stage of the Reagan Administration's tax cuts. Since the gains are no longer being eaten up by inflation people have the money to buy things if the drop in interest rates, a stock-market surge or any other good omens motivate them to open their wallets

> Wealthier consumers have profited by parking their money in high-yielding interest-bearing securities and some lines of high-priced goods and services have weathered the recession well for instance, crowds still line up outside to see Broadway shows where tickets can cost \$40 a seat

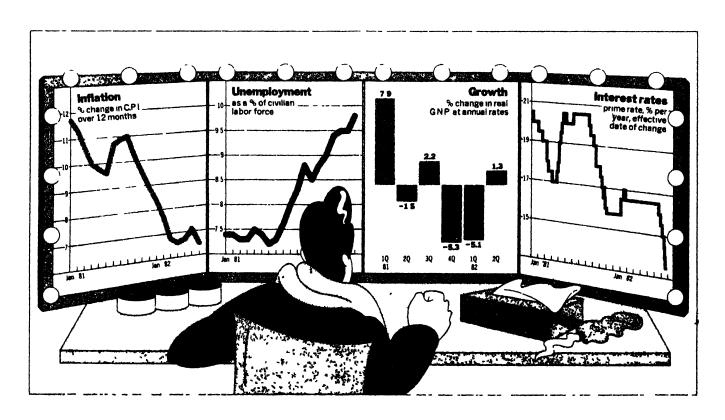
> With rare unanimity, however economists warn that the upturn whenever it comes will be painfully slow and gradual Robert Ortner chief economist of the

US Department of Commerce. observes that after past recessions the total output of goods and services on average has jumped 7° in the first year of recovery "This time it will be less than that ' he says That is putting the case very mildly, many private economists guess that the upswing will be only half as vigorous as it traditionally is Walter Heller a member of TIME's Board of Economists has compiled a self-mocking list of words that he has used so often to describe the expected recovery that even he is tired of hearing them Some entries reluc-

tant weak wobbly fragile and anemic

One reason for the reluctant weak wobbly, fragile and anemic upswing is that interest rates despite their declines i are still much too high to encourage any big revival in such credit-sensitive industries as housing and autos, which are the ones that traditionally lead a vigorous recovery Some economists speculate that this time the business upturn will be sparked by the buying of smaller-ticket items clothing furniture even computer games. They see the 1' risc in retail sales in July as a hopeful sign of increased consumer spending

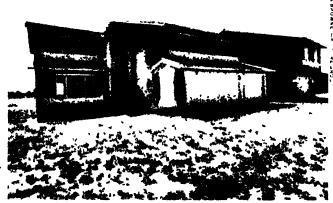
The slow recovery and the relatively high level of interest rates also mean that it will be a long time before the economy gets much help from new business investment which is the prime creator of jobs and a major engine of growth Companies have a lot of idle factories and equipment



to put back to work before they can think seriously about any new spending Moreover the staggering pile of debts built up ing the past few years of in-flation accession and no-growth will need to be decreased before much new borrowing can occur In the past six years American manufacturing and other nonfinancial corporations have doubled their total indebtedness to \$1.2 trillion a figure that exceeds the federal debt and in industry after industry the ratios of assets to borrowing have deteriorated dangerously. The debt companies into bankruptcy even 4s interest rates decline more families can afford to bus homes in the early stages of a recovery

The biggest questions hanging over the economy are long-term. Will the recovery disappointingly weak though it may be at first continue beyond a year or so and lead to a sustained period of increasing production incomes, jobs and living standards? That would belatedly vindicate President Reagan's view that the recession was the bitter price that had to be paid for future healthy growth. Or will the upturn sputter along at half-speed through many months or even years of continued high unemployment until the economy slips into a new recession? Some liberal economists warn that this may happen and conscivatives by no means dismiss the possibility

There are grounds though for taking a hopeful view. By far the most important of these is the fairly steady though irregurightening peaks of 1979-80. During the



load doubtless will crush more Portrait of a real estate bust: an unfinished, unsold house in California

1970s, surges of inflation eventually undermined every economic upswing and led to new slumps, which brought about only temporary slowdowns in price rises But many economists believe that the length and depth of the present recession have wrung inflation out of the economy more thoroughly than the preceding

ays Mickey Levy vice president for corporate planning of Southeast Banking Corp in Miami Lvery economic recovery the nation has had since 1949 has been accompanied by an ever increasing rate of inflation 1 think that that kind of upward ratcheting will be broken this time around. Walter Heller a liberal Democrat and sharp critic of Reaganomics asserts I'm an optimist about inflation. I think that at last there has been a lowering of expectations

meaning that people no longer believe prices must rise faster and faster forever Heller and Cothers cite structural changes in the US economy as another #factor behind the high hopes for stable prices. These include increased foreign competition in industries like autos and steel deregulation which has led to more price competition in airlines and trucking and of great importance prospects for renewed growth in productivity or output per man-hour

The more a worker produces the higher his wages can go without forcing an increase in prices For three years, 1978 through 1980 productivity actu-

ally declined 1981 saw only a small increase. But productivity rose at an annual rate of 26% in this years first quarter, and a further 5% in the second quarter though it usually drops during recessions That was partly because employers in this downturn have been more ruthless than in the past about laying off workers rather than keeping them around with little to do. This gives those who remain a particular incentive to protect their jobs by being more efficient. But economists see other reasons why productivity may continue to gain and faster. Among them increased skills acquired by the youths and women who flooded into the job market in the 1970s and greater use of computers by business to plan operations efficiently

There seems to be growing confidence in the business and financial communities that inflation can be held to about 6% during the next year and perhaps even

The Reflections of a Policy

The most virulent inflation in peacetime American history has subsided during the 20 months that Ronald Reagan has been President, but the economy has also endured a severe recession and high rates of unemployment. The record of the Administration is thus a mixture of pluses and minuses. The main business indicators under Reaganomics.

inflation. Runaway costs that were sapping the vitality of the economy now seem safely under control The Labor Department reported last week that the Consumer Price Index rose at an annual rate of just 7 3% in July, and a mere 5 4% for the first seven months of 1982 Inflation had been raging at a rate of 12 4% in 1980, and it was going at an annual pace of 9 7% in January 1981, the month Reagan was inaugurated The drop since then has been caused by a sharp slowdown in wage hikes. due to the recession, and by only moderate increases and even some declines in the cost of food, fuel, housing and other key onsumer items. Many economists expect inflation to remain 5% to 6% for the rest of the year

Un iployi A. The price of progress against inflation has been near record levels of joblessness. Unemployment stood at 74% in January 1981 The rate has risen sharply since then and reached 9 8% in July, the highest point since 1941 Unemployment is likely to continue growing for several more

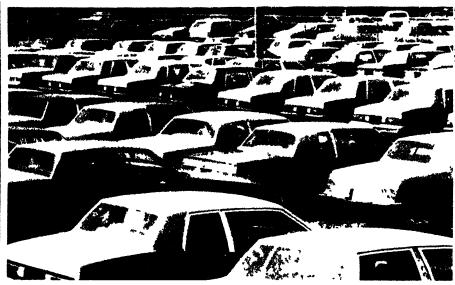
months, because employers are generally slow to lay off workers when business turns down and are equally cautious about rehiring them when the outlook improves

Growth. The economy now seems to be emerging slowly from the sharp recession GNP plunged 53% in the fourth quarter of 1981 and 51% in the first quarter of 1982 before rising a meager 1 3% in the second quarter Private economists generally expect business activity to remain flat or to grow a modest 3^{\prime} for the rest of the year

interest Rates. The benchmark prime rate charged by banks stood at 20% in January 1981 and averaged 18 87% for the entire year. The prime began dropping rapidly in July and now stands at 13 5%, its lowest level since September 1980 Other borrowing costs are also receding. The interest on Government-insured home mortgages slid to 14% last week from a high of 18% in September 1981 Falling rates should spur consumer purchases of big-ticket items and boost business investments But many economists caution that interest levels are unlikely to fall much further. The cost of borrowing might even increase slightly if business starts picking up later in the year

One of the most memorable statements during the 1980 presidential campaign was Ronald Reagan's question to the voters 'Are you better off than you were four years ago'" When Democrats this election year ask a similar question, many Americans are likely to answer. "Yes and no'

Economy & Business



Bumper to bumper: a lotful of 1982 Buicks awaiting buyers in Indianapolis

reduced below that Such an accomplishment would permit interest rates to continue declining thus helping to icvive industrial output. Reason lenders would no longer feel that they had to demand high rates to guard against having their returns eaten up by renewed price boosts. In fact the drop in inflation seems to have been one reason for the interest-rate slashes that have already occurred.

Alas, for all the optimistic signs the prospects for sustained growth with lower inflation are far from assured. They are in fact surrounded by so many dangers and uncertainties that some economists rate them as only a long shot. Much will depend on the policies of the Federal Reserve Board, which controls the US money supply. With the strong support of Ronald Reagan. Chairman Paul Volcker has permitted only slow monetary growth. That policy has undoubtedly been the most effective part of the war on inflation, but it has also played a major tole in

jacking up interest rates and deepening if not starting the recession. Now with price boosts moderating the board has been easing up. The Federal Reserve which publishes some major decisions only a month after they are made disclosed last week that its Federal Open Market Committee voted in July to let the money supply grow at an annual rate of 5% in the current quarter is 3% earlier.

In a rare on-the-record interview J Charles Partee one of the seven governors of the usually secretive Fed told FIMI Correspondent Gary Lee last week that the board hopes to continue promoting more declines in interest rates and a beginning of economic recovery. He called attention to Chairman Volcker's testimony to Congress last month, when he said that the board might even permit money-supply growth to exceed the 5½ aupper end of the target range for a while if it remains convinced that inflation is under control. If business starts raising

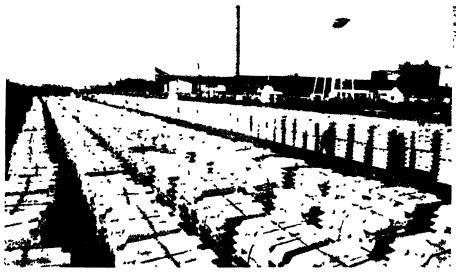
prices to fatten its profit margins says Partee and if one started to see wage contracts being reopened with wages rising if one started to see the possibility of another oil shortage the Federal Reserve would be very concerned. The implication of Partee's remarks is that the board believes that only a moderate recovery can keep price increases down Moreovei, the Federal Reserve seems ready to crack down on the money supply again to prevent a business boom that might accelerate inflation.

Partee also voiced concern about the level of Government borrowing that will be needed to finance the gargantuan budget deficits that the US is likely to run in the next few years. His worries are shared by experts of every shade of academic and political opinion. They all warn that the US cannot enjoy sustained growth unless, the looming deficits are reduced sharply and soon.

Crary Wenglowski, chief economist for Goldman Sachs & Co sketches two scenarios to illustrate what is likely to 1 happen if the deficits continue to mount The first is essentially stagnation. According to this script, the Tederal Reserve ever fearful of renewed inflation if it pumps too much money into the economy refuses to let the supply grow rapidly enough to accommodate the deficits Covernment borrowing collides with demand for funds by business and consumers. The result interest rates move back up and inflation perhaps stays moderate but the economy sputters along for years with low growth and high unemployment

ven if the Federal Reserve violates Volcker's commitment to tight monetary policy and pours out enough money to meet the borrowing demands of both Government and business, says Wenglowski, the eventual outcome could be if anything worse than the stagnation scenario. Interest rates would stay down temporarily and production might grow rapidly and unemployment drop for a while But then inflation would reignite and sooner or later the Lederal Reserve would have to crack down again to choke off the miniboom. That scenario would in effect mark a return to the dismal and overlapping inflation-recession cycles of the 70s

On the deficit front too there are grounds for a little optimism. Passage of the three-year nearly \$100 billion tax increase two weeks ago reassured Wall Street that the problem would at least be addressed. By lobbying all out for the bill, Reagan proved that he has moved away from the supply-side zealots, whose views of lower taxes as an economic cure-all had dominated the early months of the Administration The President's tendency now is toward a far more traditional Republican philosophy that stresses holding down deficits Congress showed commendable courage as well in raising taxes at the start of an election campaign



Stockpiled metal ingots outside the Kaiser Aluminum and Chemical plant in Tacoma
For almost the first time since the recession began, there are some truly hopeful signs

The tax bill though, is only the first and probably the smallest of the steps that have to be taken. Even after its passare the nonpartisan Congressional Bud-Office estimates that deficits will run arou 4 \$150 billion in each of the next three fiscal years dwarfing the record \$110 billion now expected for the financial year that ends Sept 30 The Administration, of course calculates much lower figures but it is assuming passage of spending cuts that Congress has not yet enacted

Fundamentally the problem is that the reductions in spending programs that Reagan has pushed through Congress so far have come nowhere near offsetting the income tax cuts that he got the legislators to enact in 1981. That is true even though most of the major reductions that can be hacked out of so-called nondefense

discretionary programs in which 🕱 ongress decides every year how much to appropriate have already been made

I uture spending slashes will have to come out of defense and the entitlement programs that guarantee benefits to people who meet certain standards whatever those benefits may cost. I xamples are Medicare 1 Medicaid and above all Social Security Says Alice Rivlin director of the Congressional Budget Office Any significant lowering of the deficit has got to include slowing of the defense increases entitlement cuts including retirement programs fre. Social Security) and probably more taxes, all of those things. It is not a choice. You have to do them all

Whether Reagan and Congress can summon the will to make such supremely difficult choices is problematic Reagan has rebuffed all suggestions for slower defense spending increases to the dismay of some in . his own Administration. In an interview with the Associated Press that was released as his resignation became effective last week. Murray Weidenbaum former chairman of A sign of the times in wealthy Bel Air, Calif the Council of Economic Advisers charged that increases in military

spending have fully offset all Reagan's, that it shocked his strongest supporters cuts in civilian programs. Said Weiden- 1 baum. On balance we really haven tout the budget. When you add that Idefense spendingl to the big tax cuts you get such horrendous deficits. While the Administration considers higher defense outlays to be sacred. Democrats controlling the House regard Social Security as equally untouchable

No guidance on how or even wheththese tough problems will be faced is tely to emerge for the next several neeks. With the tax bill passed, the White House has made it clear that there will be no further Administration economic policy actions beyond a few vetoes of appropriations bills that provide for more spending than the President wants From now until Nov 2 both parties will be preoccupied with the congressional and gubeinatorial election campaigns that begin in earnest after Labor Day

The state of the economy will be a major issue in many campaigns and the predominant one in some. Until recently Democrats had expected to score heavily by assailing Reaganomics for producing disastrous unemployment and interestrate levels and many Republicans had been running scared. That is still true in certain areas. In California. Democratic Crovernor Jerry Brown is telling voters that electing him US Senator will send a message that were tired of deficits we're tired of interest rates, we're tired of tax breaks for the few. In Oregon, which is plagued by an 114°, unemployment rate Republican Governor Victor Ativeh has openly criticized Reagan for initially proposing a budget so out of balance



The upturn when it comes will be painfully slow

including Ativeh

Nationally however the drop in interest rates and the surge on Wall Street have made the political signals quite as confusing as the economic ones. Republicans are suddenly feeling much more cheerful Says one top White House aide Now we are in a position to go out and argue hope. Here is our line for the fall We are seeing the initial signs that the recovery might be worth the wait

At least one prominent Democrat admits that this line might indeed lessen the large gains in congressional representation that his party had hoped to win Says Tony Coelho chairman of the Democratic Congressional Campaign Committee Now there is a psychological uplift to those who are not unemployed or facing bankruptcy. If the psychology of lear is

reversed then people will listen to the Republican message. We will still pick up seats but not as many. Most estimates including Coelho's, cluster around a Democratic gain of ten to 15 seats in the House not particularly impressive for the opposition party in a mid-term election The Senate seems likely to stay under Republican control

Il politicians however admit that the public mood is hard to read I ew citizens have yet to see any improvement in their own lives because of the drop in inflation and interest rates and they are all too aware of high unemployment and rising bankruptoies. But they differ widely on how much to blame Reagan and his party if at all Brenda Pace who lost her \$300-a-week job as a

supervisor at Hudson's department store in Detroit delivers a two-word verdict on Reaganomies. 'It stinks However Donna Nowak who is seeking advice from her lawyer about how to file for the bankruptcy of her framing and print shop in nearby Royal Oak has mixed feelings about the President's policy Says she Sometimes I think it's terrible but other times I think it's doing a lot of good because it's forcing us to take a lot of the fat out of business. Paul Kampka a mailman in Warren, Mich reports that the people to whom he delivers letters are mad real mad. Then he adds. Personally I think Reagan is right. I hate to say it but he is getting rid of a lot of the deadbeats. In many areas of the country there seems to be a strong impression that a certain amount of waste has grown into social programs over the years and that they could be pruned back without inflicting scrious hardship

The President himself was in an chillient mood last week wonderful' he exclaimed when White House Chief of Staff James Baker phoned him at his ranch in California with news of the latest Lederal Reserve cut in the discount rate. In two fund-raising speeches in

Los Angeles Reagan ran through a litany of hopeful signs about interest rates inflation, savings and personal income that he no doubt will repeat endlessly on behalf of the candidates for whom he campaigns But outside the halls, crowds of protesters carried signs proclaiming that his program favored the rich

There are indeed some indications that the economy may be breaking out of the inflation-recession cycle. But the upturn so long awaited has not yet arrived and before it can strengthen into a sustained advance many hard decisions especially concerning the budget must be made. These may involve more pain but the alternative is a return to the failed and unacceptable economic policies of the past -- By George J Church Reported by Gisela Bolte/Washington and Frederick Ungeheuer/New York

Economy & Business

The Wobbly World of Banking

Mexico's money woes shake the international financial system

If you owe your hank manager a thousand pounds you are at his mercy if you
owe him a million pounds he is at your
mercy

---John Maynard Keynes

any of Keynes' economic theories are today in eclipse but his shrewd observation on the relationship between bankers and borrowers still rings true. In fact some of the world's leading financial institutions are painfully learning the accuracy of this aphorism. After having extended \$845 billion in loans to debtor nations over the past decade the bankers now find themselves struggling to keep their borrowers solvent.

Last week top international moneymen met in New York City Washington, Paris and Basel to work out an agreement for the repayment of the \$80 billion that Mexico owes banks, governments and international institutions. Such action is fast becoming a familiar exercise. During the past year many of the same bankers helped Poland and then Rumania through their credit crises. This time however the suddenness of Mexico's near default and the sheer magnitude of its indebtedness have created new worries. Lxperts feared that the interlocking credit network, on which many of the world's economies depend might be in danger of crumbling

As concerns grew about the wobbly state of world banking federal regulators in the US last week announced plans to broaden their efforts to keep track of banks that make bad loans. Beginning on Sept 30 every one of the 14 000 federally insured banks in the US will have to make comprehensive reports about their problem loans. Until now, only those banks that were federally chartered about one-third of all such institutions had been required to provide the loan information.

The origin of the current international banking troubles goes back to loose lending procedures adopted during the 1970s. I lush with oil revenues from the suddenly wealthy members of the Organization of the Petroleum Exporting Countries, moneymen eagerly sought borrowers so that they could remvest their petrodeposits. The most obvious clients were developing countries which needed the money to pay for their higher oil import bills and for modernization projects Lending officers in three-piece suits prowled the capitals of Third World nations, their attache cases stuffed with loan applications Bankers confidently told one another, as Citibank Chairman Walter Wriston is fond of saying 'Countries don't go bankrupt Unlike corporations, nations do



Looking for help: Finance Secretary Herzog

WHO'S IN HOCK

External debts owed to banks in billions of dollars, year-end '81

	Total	Due this year
Mexico	\$56.9	\$27.7
Brazil	52.7	18.3
Venezuela	26.2	16.1
Argentina	24.8	11.6
South Korea	19.9	11.5
Poland	15.3	5.5
Chile	10.5	4.2
Philippines	10.2	5.8
Source Bank for International Settlements		



Worried British Financier Geoffrey Bell

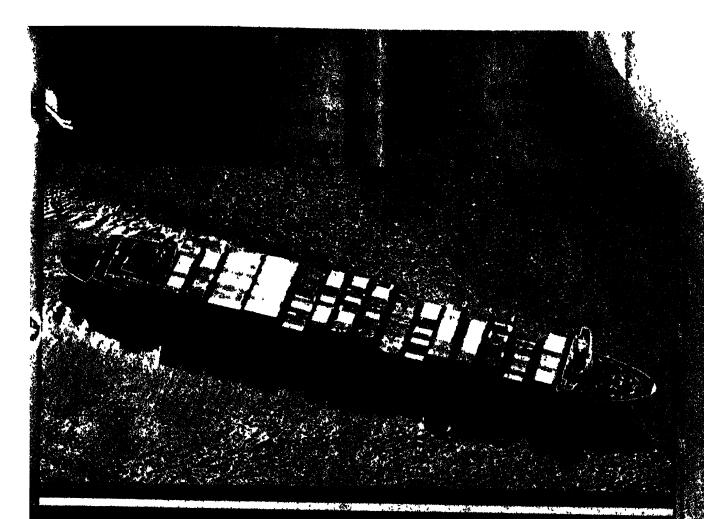
not disappear into liquidation if they cannot pay their bills Moreover, even the poorest country can usually reduce its debts with dollars earned by exporting goods Suddenly however those assumptions are no longer so comforting

Never have international financiers had to minister to an economic casualty as large as Mexico It is estimated that Mexico owes US banks alone as much as \$25 8 billion, but the country does not have the dollars to pay such a staggering amount. Three banking giants hold the biggest stake Citibank with about \$25 billion, Bank of America, with \$23 billion to \$25 billion and Chase Manhattan Bank with \$1.5 billion Airanging the repayment of Mexican funds, according to Peter Kenen, a Princeton University international monetary expert, is going to be very tough. going Mexico would have to put up 34' c of its total earnings from exports just to meet its interest payments this year

Moreover standing right behind Mexico are several other debtors that may be unable to pay their bankers. Among them Argentina Peru, Costa Rica the Sudan, Zaire and Bolivia. Kenen and others fear that once Mexico has succeeded in refinancing its loans. Argentina and Brazil will demand to delay their repayments. Moneymen are calling this the contagion effect. The result would be that few if any banks would receive payments on billions of dollars in outstanding loans. If that were to happen, world lending could slow down very quickly.

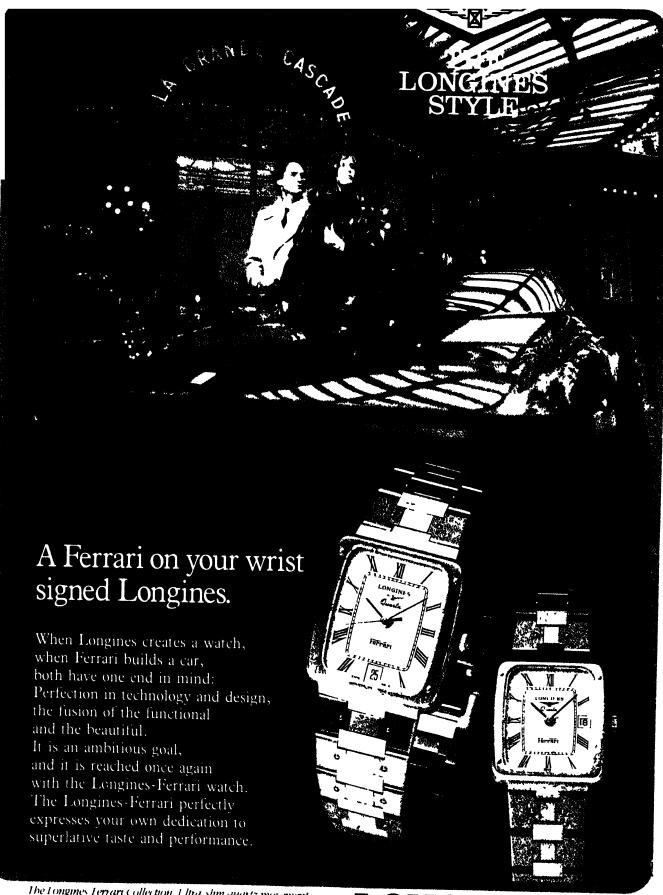
Some experts fear that refinancing by only a handful of countries would also add more names to the list of US banking failures which have already reached 27 this year Says Geoffrey Bell, a director of J. Henry Schroder Bank & Trust Co. in New York I can t believe that we can go from now until Christmas without a small or regional bank out West or even a number of banks having to close their doors' Bell and John Heimann a former US Comptroller of the Currency, have just completed an alarming report on world banking for a study group of 30 leading international monetary experts. The officials warned that the explosive growth of international banking has increased the potential range of problems caused by bank failure

Officials in Washington are trying to take a more sanguine view. Says Marc Leland, Assistant Secretary of the Treasury for International Affairs. This isn't the 1930s, this is the 1980s. It may be a liquidity problem, but we can handle it. The officials point out that the actual dollar amounts of many countries debts are too small to endanger the international financial system. At the World Bank which keeps close watch on the credit-worthiness of Third World countries. Helen Hughes, director of economic analysis and projections, notes that most big



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ERICA B.



The Longines Terrari Collection 1 litra slim quartz moi ement centre second, edendar Sapphire glass Water resistant 2 toned model with white, gilt or black dual Hers Ref. 1888 His Ref. 1870

Longines Quartz made in Switzerland.

LONGINES

A Matter of Style

foreign borrowers have reserves of oil or solid growth records Says she I don't see a banking collapse because of the developing country debt I don t see a bankcollapse, period "

The struggle being waged last week to get wiexico back on its feet showed how difficult it may be to resolve the international banking troubles A 14-member advisory committee met until past midnight for several days in a 39th-floor dining room at the Park Avenue headquarters of Citibank in Manhattan The financiers, from seven big US banks plus such institutions as Britain's Lloyds Bank, West Germany's Deutsche Bank and Japan's Bank of Tokyo were chosen to represent 115 of Mexico's largest lenders

Because of the way that international loan agreements are arranged, every one of Mexico's 850 lenders will need to go along with the new repayment plan being worked out if it is to succeed. The refusal ₫ a single bank could jeopardize the entire package Said one participant at the meeting 'Our main concern is to keep anyone from trying to pull their money out. We are writing the book on how it's done on this one. As the talks were on members were in almost constant telephone contact with Mexico's Finance Secretary Jesus Silva Herzog During breaks the financiers grabbed quick meals at a near by 24-hour restaurant

o far there has been little opposition S to Mexico's request to postpone the payment of \$10 billion in principle on short-term loans. There is still no agreement, though on Mexico's request for up to \$1 billion to use as a stand-by loan World financial agencies are trying to Tase some of the pressure. The International Monetary Fund is assembling emergency loans totaling about \$4 billion during the next three years. In addition, the Bank for International Settlements in Basel has prepared an emergency credit line of \$1.85 billion, with \$925 million coming from the US. The entire package is expected to be wrapped up by the end of this month

Mexico's refinancing troubles will undoubtedly result in some abrupt changes in global bankings freewheeling ways I manciers, who within the past year have already become wary of making too many foreign loans, are now likely to become much more circumspect Says Hans Wuttke the executive vice president of the International Finance Corporation, a World Bank subsidiary The pace of lending has already slowed down

Rimmer de Vries, the chief international economist of Morgan Guaranty Trust Co of New York, maintains that klobal banking is quickly beginning to change Says De Vries 'One thing is cer-Ain The game of international lending is over If it's going to continue it will have to be carried on by entirely different rules" New and lougher rules can come none too soon -- By Alexander L. Taylor III. Reported by Jay Branegan/Washington and Frederick Ungeheuer/New York

Big Bidders

Playing the merger game

The wave of takeovers that has so dom-inated Big Business for the past year continued last week when another major merger bid was announced and yet another accepted after weeks of careful negotiation. The Bendix Corp. a widely diversified auto components and industrial manufacturing corporation announced that it will seek to acquire the Martin Marietta Corp which has holdings in a broad range of fields from chemicals to aerospace for about \$1.5 billion in cash and stock. Meanwhile Cities Service Co. reluctantly agreed to accept a takeover offer from Occidental Petroleum Corp It that approximately \$4 billion transaction is completed the Occidental-Cities Service company would form the eighth largest oil firm in the US with combined sales of \$23.3 billion

The Bendix bid for Martin Marietta Corp came as no surprise to industry watchers. The stage for such a move was set nearly two years ago when Bendix Chairman William Agee began a major reorientation of the company's focus shifting it away from its traditional lines of business and toward high technology Agee sold off the firm's nonferrous metals forest products and energy exploration divisions for a total of \$800 million and began looking for a company to acquire with that enormous nest egg. Martin Marietta was considered a perfect takeover target Says El Hutton Analyst Frank Drob Martin Marietta is a very attractive purchase. The important point is that you are not marrying two sick companies but two strong ones

Bendix had already quietly bought about 4.5% of Martin Marietta stock over the past 3½ months. Last week it offered \$43 a share in cash for 45' c of the company's 356 million shares. The remainder would be acquired by a swap of Bendix stock at a ratio of 82 for each share of Martin Marietta, or the equivalent of about \$43 a share Martin Marietta de-



Bendix Chairman William Agee Reorienting his firm to high technology



Occidental Chairman Armand Hammer 4 magnum of champagne to celebrate

scribed the bid as unsolicited and said that it would announce a decision early this week. I hough a scrious takeover fight is possible. Martin Marietta is more likely at first to turn down the offer as too low and try to force Bendix to raise its ante-

Whatever the outcome of Bendix's pursuit of Martin Marietta. Agee has already received a warmer reception than he did when he made a similar move at RCA beginning late in 1981. Last March the company responded by issuing a statement charging that Agee had 'not demonstrated the ability to manage his own affairs let alone someone elses. That was a stinging reference to his much publicized involvement with Mary Cunningham a onetime Bendix vice president who became Agee's wife last June Bendix still owns 7.2% of RCA5 stock and company officials said last week that it had no plans to sell off the holdings to raise cash for the Martin Marietta acquisition

Cities Service's acceptance of Occidental's offer was a clear victory for Occidental Chairman Armand Hammer Since Gulf Oil Corp backed out of its plan to acquire Cities Service for \$63 a share on Aug 6 the Iulsa-based company has been searching for another suitor. Two weeks ago Occidental initially offered \$50 a share for 50% of the company's stock. It was a very low bid but Hammer realized that Cities Service had to make a deal and that he had few other serious rivals. He bided his time and then ultimately increased the offer to \$55 for 45% of the shares which still made it a very good deal Last Tuesday Hammer was called out of a Los Angeles Cultural Commission luncheon and told that the Cities Service board wanted to talk with him. After flying to New York City on his company's Boeing 727 plane Hammer went to the Cities Service board meeting where the company accepted his offer Cities Service Chairman Charles Waidelich termed the deal the best transaction among the alternatives available to us. At the end of the board meeting. Hammer broke open a magnum of Perrier-Jouet champagne and then went off to 21 for a victory celebration with Occidental executives



Contestants for BOC Challenge off Rhode Island's Brenton Reef fine-tuning their boats for the great circumnavigation

Living

Around the World Singlehanded

Sixteen skippers begin 27,000-mile voyage

To young men contemplating a voyage I would say go

Joshna Slocum offered that advice after returning in 1898 from a solo three-year voyage around the world in his 36-ft 9-in Spray Last week 16 sailors from eight countries (five Americans) three British-

ers three Frenchmen a New Zealander an Australian a Japanese a South African and a Czcch) followed the great Yankec skipper's advice. As a gunshot cracked across Rhode Island's Narragansett Bay to signal the start each sailor turned his stern on the plush attractions of old Newport his bow toward the starting line off Goat Island and the wild Atlantic and his thoughts to the challenge upon which he was embarking. Then each crossed the starting line and began a 27 000-mile competitive vovage that should bring the winNewport in the late spring of 1983 The race is the BOC Challenge named for its sponsor, the London-based BOC Group manufacturers and marketcrs of industrial gases and welding products Singlehanded sailing is not new Britain's Sunday newspaper the Observer used to sponsor a contest called OSTAR, the Ob-

server Singlehanded Transatlantic Race solo sailors have crossed both the Atlantic and the Pacific in boats as small as 10 ft Others including Britain's redoubtable Sir Francis Chichester have raced around the world from Ingland and back But the BOC Challenge is the first singlehanded aroundthe-world race to begin and end in the U.S. and in the same port that hosts the America's Cup Racc

Most sailing contests have offered the winners nothing more tangible than an engraved silver plate for their ner tired and shaggy back to France's Guy Bernardin lonely pains. But the new event

will award a total of \$100,000 worth of prizes with \$25,000 going to the first boat in each of the race's two classes to cross the tinish line

The race will also be the most grueling test of nautical know-how imaginable. There will be four less with a week's a rest required at the end of each. The solosailors must first cross the Atlancic to Cape Iown South Africa From there the small boats must follow a course that will take them over the southern reaches of the Indian Ocean and on to Sydney Australia. The third leg of the journey spans the South Pacific from Sydney to Cape Horn and then to Rio de Janeiro while the fourth will bring those skillful and fortunate enough back to Newport It's not a sprint it's a decathlon—says Race Director Jim Roos property manager of Goat Island and one of the contest's principal organizers. This is probably the World Series of sailing

His statement is not briny hyperbole The route includes the legendary Roaring Forties those southern latitudes where no land mass breaks the force of the winds and waves can crest at 120 ft The sailors must also cross the doldrums of the middle Atlantic with its sudden dangerous squalls and alternate dead calms. The vast emptiness of the Pacific



Great Britain's Paul Rodgers at helm of *Spirit of Pentax*, Czech Richard Konkolski stowing sail on *Nike II*





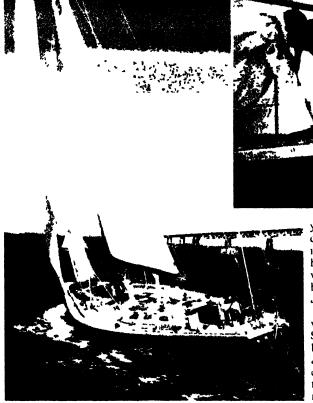
will provide the stiffest psychological test "This sailor does it all" adds Roos "He navigates his boat, he handles the sails he sails and make repairs "The race was to have included two women but they had to drop out for lack of financial backing

he sailors seem up to their challenge Desmond Hampton, 41 a handsome London real estate broker has chartered the 56-ft ketch Gipsi Moth V from the family of the late Sir Francis Chichester Hampton's only companion will be a tiny stuffed koala bear presented to him for good luck by his daughter Guy Bernardin 37 a French business executive who will skipper the 38-ft Ratso II accepts the loneliness of the long-distance sailor. For a race such as this he says you must clear out all the responsibilities in your life. Anything can happen You must clear your mind from all problems even from your family Tony Lush 33 whose 54-ft ketch Ladv Pepperell is sponsored by the textile-manufacturing company has taken a oratory testing at Hunter Marine. The British boat under way in Narragansett Bay of Alachua Ha Iom Lindholm

57, of Hidden Hills Calif has left his law practice in the hands of his partner and son to take the helm of his 41-ft sloop Driftwood Dan Byrne 53 of Santa Monica Calif, is relying on his wife Patricia to arrovide shore support she intends to meet him and his 40-ft. Fantass in every port

To be eligible each contestant and boat had to complete a 1 000-mile solo voyage a requirement that posed no problem to I renchman Philippe Jeantot who has already logged 25 000 solo miles. The weeks before the start were spent stocking provisions and spare parts, checking out radios (each sailor will be required to report his position weekly) and adjusting the self-steering gear that will allow captains a few hours sleep a day

David White, 38 worked furiously to get his 66-ft Gladiator fine-tuned for the tace lamenting that he had too much to



leave from his job as chief of lab- Richard Broadhead aboard Perseverance of Medina

do I don't like it he said. It's the least prepared I've been for anything. Japanese Entrant Yukoh Tada made preparations of a far different nature. He had a Buddhist monk come to the dockside and bless his boat

Fatigue is one problem all will face but each man has his special fears. Richard Konkolski, 37 a rugged bearded Czech feels that the ice and fog encountered in rounding Cape Horn will be the most difficult challenge for him and his 44-ft sloop Nike II Britain's Richard Broadhead, at 29 the youngest contender thinks that going over the side of his 52-ft. cutter Perseverance of Medina in the tropics would be the worst thing that could happen. In the rough southern ocean you wouldn't last a minute is his bleak fore-But in the tropics you'd stick cast around until the sharks came and got

you Paul Rodgers 37 of London whose 55-ft Spirit of Pentax is the narrowest boat in the race, has some daunting memories he was leading the 1980 OSI AR when his boat was rammed by a whale and forced to withdraw

The greatest trial the sailors will face however is loneliness Solo sailors since Slocum's days have written of the depressions and hallucinations that solitude can bring on Many lone navigators report seeing islands and reefs that do not exist on the charts and most find themselves, at one time or another holding long conversations with imagi-

nary passengers and crew

None of these challenges seems to faze the solo scamen who prize money or not set sail around the world in the same. spirit that George Leigh Mallory climbed Everest because it is there. Broadhead has no wornes about spending endless hours with only the elements and the creatures of the ocean as his companions I rather like to be alone the says. I ree time? What free time? I will sail navigate and sleep

Australia's Neville Gosson 55 seems even more insouciant at the helm of his 53-ft aluminum cutter Pier I His biggest concern says the gray balding real estate developer from the island continent Down Under is eating ms own cooking Im the world's **By Peter Stoler** worst Look

Reported by Catherine Callahan/Newport, R I

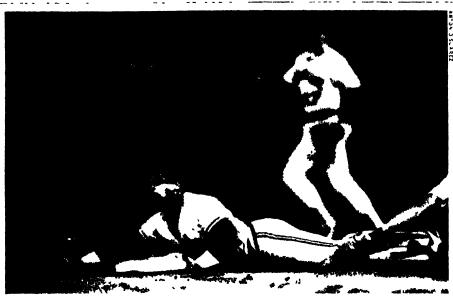
Photographs for TIME by Barbara Pyle







Sport



A headfirst dive into second base in Milwaukee and a legendary mark falls

Rickey Henderson Steals First

The Oakland flash breaks the record and keeps on going

A ugust for baseball fans is usually a month to contemplate home runs pennant lever and World Series possibilities. The game's exotical like base-stealing records are condemned to wistful tavern afternoons. There oldtimers can sipabrew or two and contemplate. In Cobb's 96 high spike steals in 1915. Maury Willswell-plotted 104 in 62 and Lou Brock's legendary 118 eight years ago.

Now however with his awesome speed and helmet-first style. Rickey Henderson, 23 has brought the slippery science out of the bars, and back to the bleachers. The reason? The Oakland Athletics ebullient outhelder riddled Brock's seemingly shatterproof record last Friday night in a four-steal spree. Said a jubilant A's manager. Billy Martin. He's the most exciting player since Mickey Mantle.

Martin is right Consider that the skittery Henderson has amassed his 122 thefts in a more 129 games. The number is not up to his spring-training boast of a steal per game but it took Brock then 35 151 contests to reach 118. The new master of the basepaths is also the first man in history to achieve 100 steals in a season twice (the first time was in 1980) and he is currently 64 thefts ahead of his nearest competitor. Montreal's 11m Rames With the exception of Cleveland the extraordinary Henderson alone has more steals than any entire team in the American League Marvels Ligers pitching coach Roger Craig He can't steal first can he"

No but he can walk there Coiled in a crouch that allows the pitcher only a 10-in strike zone. Henderson has earned a league-leading 109 strolls from the plate.

batting No. 1 for the beleaguered (fifth place in the American League West) 82 version of Bills Ball. Once on base he is an electric offensive threat. When he leads off from first infields become positively giddy outfields flounder about like regional ballet corps, and pitchers are afflicted with ties and shudders. You know he signing to go's says Angels, catcher Bob Boone. The question is which pitch'

Pacing off a precise 3½ steps from the base. Henderson screws his cleats firmly into the dirt and crouches knock-kneed like Jerry I ewis imitating a baseball player. When the pitcher releases the ball, however. Henderson having received the go sign from Martin, accelerates into hy-

Holding up his 119th stolen base He simply outruns the ball

perdrive In two steps he reaches fell speed and a few strides later dives headlong into the dirt—a timesaver that makes his body vulnerable to an opponent's cleats and knees. I don't hit the ground too hard he explains. I come in like an aii plane. By the time the Henderson Ssf has landed, the bleachers at Oakland Coliseum are erupting in soulful acclaim. Elapsed time of the theft. 3 sec.

Successful in 76% of his steals. Henderson is not a thinking man's thief. He has already passed Ty Cobb's 67-year-old record of getting caught 38 times. His weapons are instinct and power his massive thighs and torso are the secret of his speed. Even his smooth features and swept-back hair seem aerodynamically designed. Says. White Sox Coach. Ron Schueler. He's faster than Brock. He simply outruns the ball.

Wills on a Dodger team scrambling for runs made base stealing a respectable tactic easing the way for the records of Brock and Henderson Brock who flew to Milwaukee last week to help Henderson celebrate notes that the psychology of theft has not changed a bit since his own day. What separates the great base stealer from the rest is arrogance. You have to eliminate all tear and declare war on the entire league. The guileless Henderson cites a less bellicose reason. Says the Tye loved to steal bases since I was a little kid. That's what makes baseball thrilling for me.

The thrill was almost not enough for the home-town boy. Henderson wanted to play football instead. The All-City running back at Oakland. Tech gained 1.100 yds in his senior year (after batting 716 the previous spring) but turned down a dozen gridiron scholarships because his strong-willed mother. Bobbic thought that he would have a longer career in baseball Says. Henderson. My mother sonly advice about trying for the record was Stay healthy.

Success has not gone to his head Amid the hoopla that features Henderson buttons. T shirts and balloons the player still hangs out in Henderson Heights, a 50-seat block of outfield seats he buys for underprivileged kids. Sometimes during games. Centerfielder: Dwayne Murphymust tug him back on the field from autograph signing. I get bored. Henderson admits Says his former roommate. Pitcher Mike Norris. Rickey is cocky but conceit hasn t set in."

Henderson's record-breaker Friday night in Milwaukee was typically audacious. In the third inning he broke for second and barely slid under the tag. Afterward. Brock and American League President Lee MacPhail presented him with the base Said Brock "Rickey you've carved yourself a niche in baseball history. Stolen the niche would be more like it.—By J. D. Reed.

People



Biggs holding up a can of coffee for his Café de Rio endorsement

In the realm of celebrity andorsements the face is none too memorable, and the delivery falls decidedly shy of say Olivier for Polaroid But the name of the new pitchster for Cafe de Rio is familiar. It has been since 1963 when Ronald Biggs, 53 and 14 others relieved a Glasgow-to-London mail train of \$73 million in what will be forever referred to as the Great Train Robbery Resettled for the past dozen years in Brazil and exempt from extradition. Biggs was recently tapped by an Australian ad agency to play the Ricardo Montalban Juan Valdez role for Cafe de Rio Living here in No. I have lots of coffees to hoose from says Biggs in the ad And when you're on the run like me you appreciate a good cup of coffee The Australian Broadcasting Tribunal has banned the ad but Cafe de Rios new star will get to keep the loot this time a reported \$10 000 Biggs next endorsement running shoes. When you re on the run like me

If appearances are anything the 17th century certainly seems to agree with Faye Dunaway, 41 As does her near typecasting in the role of herome-bitch Haid on the stiletto heels of her portrait of Joan Crawford in Mommie Dearest Dunaway is playing the Margaret Lockwood part in a remake of the saucy 1945 film Alle Wicked Lady In this verikin, to be released next spring. Dunaway plays Lady Barbara Skelton, a country lady of leisure by day who hits the road as a highwaywoman at night. Her part is decidedly wicked -- but with a difference 'I ve always played neurotic, tense driven

women says the actress 'This is driven -but in a merry way

Quiet and subtle as a diplomatic entreaty former Secretary of State Henry Kissinger, 59 has like so many members of past White House inner circles gone into the consulting business. The freshly lettered office doors in New York and Washington provide the name. Kissinger Associates Inc. a bluechip team that includes Lord Carrington, 63 who resigned as Britain's Loreign Minister when the Argentines invaded the Falklands and Robert O Anderson, 65 retired chairman of Atlantic Richfield The firm's services strategic planning and advice on international-business decision making for about 20 large long-term corporate customers willing to pay



Dunaway displaying the softer side of her role in The Wicked Lady

the reported \$250,000-a-year retainer fee

The down-and-out dad the savvy offspring and the car trip through the South, all set against the dusty backdrop of the Great Depression—it worked for Ryan and Tatum O'Neal in Paper Moon why not for Clint Eastwood, 52 and his son Kyle, 14' In Honky Tonk Man opening at Christmas Lastwood plays an itinerant

musician heading cross country to try for a shot at the Grand Ole Opix. Kyle plays my nephew in the film, 'says he I demoted him from son but he's still enjoying it. So apparently is the star Lastwood plays the piano and guitar and actually does a little singing in the film. He doesn't blow away as many villains as he does in most of his movies but someone's got to set an example when there are youngsters around.

By E Graydon Carter





On the Record

Thomas F. Eagleton, 53 Democratic Senator from Missouri on how a tax on alcohol would adversely affect St. Louis. We once had the title. First in booze tirst in shoes and last in the American I cague. We lost our team our shoes went to Taiwan and Kotea. God do not take from us our beer.

B.F Skinner, 78, behavioral psychologist on how to maintain the powers of the mind into old age. Leisure should be relaxing. You must risk the contempt of your younger acquaintances and freely admit that you read detective stories or watch Archie Bunker.



Worker lifts oil-soaked feather pillow from Mississippi River cove during Seaclean trials

Environment

Antipollution Pillows

Chicken feathers prove capable of souking up oil spills

Dead water birds their gooey bodies strewed along a filthy shore. It is a sadly familiar scene in the wake of a mafor oil spill. For one man however, the sight evoked more curiosity than pathos After viewing photos of the 1967 lovies Canvon grounding off the Cornish coast Al Crotti an American international lawver based in London had a novel idea. It feathers attracting the oil are part of the problem why can't feathers be part of the solution' Why not indeed' Now being added to the arsenal of weapons for fighting oil spills is Seaclean, the catchy commercial name for something cheap uncomplicated and ubiquitous chickenfeather pillows

Crotti's barnyard brainstorm has already undergone tests at a 31 500-gal spill in the Mississippi River 20 miles downstream from New Orleans. The oil had spread over a 14-mile area, washing into coves and turning the maishy ground into a black mush the locals call gumbo While strings of floating booms helped contain the spill, a four-man team from Peterson Maritime Services the largest private firm in the gulf area treating oil spills, began tossing out about 100 lumpy white squares from their flat-bottomed swamp boats. Almost at once the muck began to stick to the pillows. When they were pulled from the river 15 min later, clear water miraculously began to drain from them while each 8-oz bag retained 8 lbs of oil sludge Says Peterson's Ben Benson We've been working with infrared detectors, super sucker vacuums and high-speed skimmers. Now we're into chicken feathers. I don't know how much research or development you can do with chicken feathers, but they definitely

Some research was done says Dan Barry a Miami businessman who helped Crotti underwrite the bags development in the U.S. We tried fancier cross-stitching and buttons on the bags and refining the feathers but they just didn't work as well. The way they naturally are is the way they work best.

In addition to being cheap and easily obtainable. Crotti claims that the bags have several advantages over other methods. Unlike booms or boats, they can be used in heavy seas where they can be strung together and dropped over oil concentrations. Unlike straw another natural absorbent, the pillows are easy to retrieve with a long-handled pole of a net rigged between two trawlers. They are very light, easy to stack and transport to spill sites. After use, they can be buried or burned without causing toxic smoke.

Not everyone in the oil-cleanup business is enthusiastic about Seaclean For example Joseph Nichols of the International Tanker Owners Pollution Federation considers chicken feathers just another absorbent and small-scale stuff not suitable for containing large spills at sea. Nevertheless cleanup crews may need all the help they can get

Though there have been no large-scale tanker disasters since 1979 lesser oil spills are a common and underreported, occurrence Pollution experts estimate that every year 3 million tons of crude seep across US coastal waters. Though feathers may seem a risibly simple solution to a high-technology problem pillows are being taken seriously. Barry notes with satisfaction, "We already have two oil companies that have stopped laughing and placed trial orders."

Milestones

PRESUMED DEAD. Calvin Simmons, 32, maestro of the Oakland Symphony Orchestra, missing after a canoeing accident on Connery Pond near Lake Placid NY Simmons conducted at England's prestigious Glyndebourne Festival and led many of the major orchestras in the US He gained acclaim for his dynamism and adventurous programming This month he was to have conducted a work of his favorite composei Mozart's The Magic Flute at the New York City Opera Said Beverly Sills Calhad so much to offer I just can't take it in

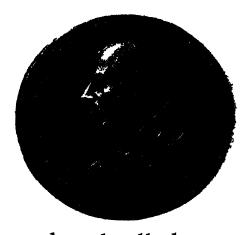
DIED. Kazuo Iwama, 63, president of Sony Corp for the past six years and a key executive in the growth of the worldwide electronics giant, of cancer in Tokyo Iwama joined the company in 1946 and helped lead Sony into mass production of transistorized radios that touched off the Japanese semiconductor industry. Under his guidance. Sony became the first Japanese electronics company to build a color TV manufacturing plant in the U.S.

DIED. Alfred Bloomingdale, 66 credit card tycoon and confidant to President Reagan of cancer in Santa Monica, Calif In the 40s Bloomingdale was a producer on Broadway (Ziegfeld Follies) and an executive at Columbia Pictures. Heir to the Bloomingdale department-store fortune he made his millions and started the credit card boom with the launching of Diners Club in 1950. In July Vicki Morgan 30 filed a \$10 million palimony suit against Bloomingdale and his wife Betsv claiming that Bloomingdale had promised her lifetime support during the twelve, years she says she was his companion. He left his entire estate which some have estimated at \$50 million to his wife and to a trust fund

DIED. Dominic Tampone, 68 vice chairman of Hammacher Schlemmer the innovative specialty store and oasis of elegant gadgets to the sedulous and casual collector alike, of cancer in New York City Beginning as a stockboy at 15 Tampone stayed on for more than 50 years encouraging inventors to bring even the most farfetched ideas to him Among the once outrageous items his store popularized that have become staples of modern life the steam iron the portable radio the Waring Blendor and the electric razor

DIED. Sobhuza II, 83 king of Swaziland and the longest-reigning monarch in the world, in Mbabane Swaziland The autocratic but mild-mannered Sobhuza ruled his small landlocked southern African nation of 550 000 by balancing observance of his country's ancient traditions with gradual introduction of modern technologies A man of simple tastes, he shunned his two royal palaces, preferring to live at his kraal of mud huts and to sleep outdoors on warm nights on a reed mat He is survived by more than 100 wives and an estimated 500 children

THE GENIUS OF CELLINI



Benvenuto Cellini. Innovator, jeweller, sculptor, author.

AN EXTRAORDINARY GENIUS of the Renaissance whose unique talents in casting gold and silver, setting precious stones, and engraving, amazed

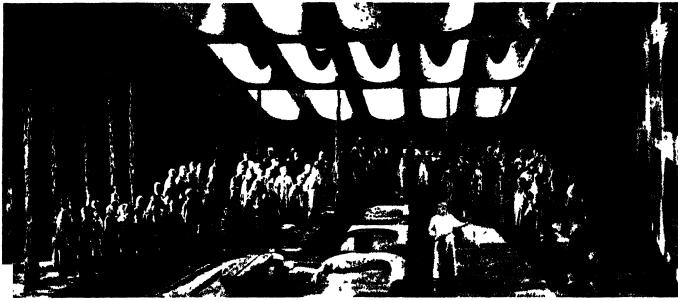
and enthralled not only the Dukes and Cardinals, Popes and Kings who commissioned his work,

And today, at Rolex, our craftsmen also pay homage to this genius of long ago.

We celebrate his talents and skills in our own works of gold and precious stones.

The Cellini Collection of watches. A tribute to the genius of Benvenuto Cellini.

By Rolex of Geneva



e final act of Parsifal: a deeply pessimistic view of Wagner's ode to the redemptive power of Christianity

Lively Nights at Bayreuth

A strong brooding Parsifal highlights the Wagner festival

During the intermissions of Parsifal a young woman with a small monkey perched on her left shoulder paraded among the patrons in dinner jackets and evening gowns, cliciting some sidelong glances but not much else Throughout a performance of Lohengrin two women in the audience held hands and caressed one another while onstage the pure knight sang of his love for the chaste I lsa. At the climax of Tristan und Isolde one beleweled lady was so overcome by the intoxicating music that she pitched backward into the laps of the unflappable listeners behind her Richard Wagner who caused all the excitement, rested peacefully in his grave behind his villa Wahnfried buried in the phrase of one astonished British tourist in the backyard sir like a dog Bayreuth has seen everything

As the prestigious festival drew to a close last week at the composer's shrine in Germany the passion and the controversy were not only to be found in the audience Fortunately they could be seen in the new productions as well. The Gotz Friedrich staging of Parsifal produced in honor of the opera's centenary is a deeply pessimistic view of Wagner's valedictory ode to the redemptive power of Christianity Colored in stark blacks, whites and grays it takes place in what appears to be a gigantic mausoleum. More radical was Jean-Pierre Ponnelle's Tristan new last year Ponnelle has staged the last 40 minutes of the work, including Isolde's famous Liebestod as the hallucination of the dying Tristan who has been abandoned by his beloved Now Bayrouth may really have seen everything

Wagner's Festspielhaus is, as usual, in

transition. During its early years it was the physical realization of Wagner's artistic vision a theater built to his own specifications where his revolutionary music dramas could be given their fullest expression After Wagner's death in 1883 his widow Cosima carried on the tradition for 25 years, when she was succeeded by their son Siegfried Bayreuth was reopened after the war in 1951 and a leaner more ascetic style developed under Wagner's grandson Wieland Operating under the twin inspirations of his own adventurous ideas and the straitened German economy Wieland Wagner created a spare allusive form of musical theater in which the listener's imagination played a necessary part

The latest Bayreuth style came into full bloom in 1976 with the centennial production of the Ring cycle staged by the French enfant terrible. Patrice Cheteau and conducted by Pierre Boulez. Using such anachronisms as the Rhine Maidens playing near a hydroelectric dam, Chereau fashioned an allegory of the industrial revolution from Wagner's mythic tale of greed and its consequences. A vivid mixture of naturalistic detail and wild flights of imaginative fancy the Chereau Ring set the tone for what followed.

Friedrich's Parsifal is its direct descendant Instead of underlining the redeeming innocence of the "pure fool Parsifal (Tenoi Peter Hofmann) Friedrich emphasizes the dark spiritual agony of the wounded knight of the Holy Grail, Amfortas (Bass Baritone Simon Estes) Just as later composers found in Parsifal's pliant, chromatic language a wellspring of 20th century music, so Friedrich views it as the

first opera of modern alienation. This bleak production could well be called *Imfortas* James Levinc music director of the Metropolitan Opera led a performance of extraordinary suppleness and emotional fervor. Hofmann a blond vision of saintly chivalry sang with tenderness and sensitivity and made a perfect foil for Leonic Rysanek's furious temptress Kundry.

E ven more effective is Ponnelle's *Iristan* conducted by Daniel Barenboim The dramatic problem with this opera is to. prevent it from being dominated by Isolde With her overwhelming I tehestod (and the dearth of heldentenors) a clarionvoiced Isolde, like Johanna Meier in Bayreuth tends to tower over the opera reducing Iristan's role to that of a foil Ponnelle the brilliant and sometimes outrageously inventive French directorhe once staged The Flying Dutchman as the dream of one of the opera's minor characters-has resolved this difficulty with stunning dramatic force. Tristan's madness at the beginning of the last act leads directly to his madness at its end he only imagines that Isolde arrives and that the cuckolded King Marke ultimately forgives the lovers. The final tableau of Tristan lying dead in the arms not of Isolde but of his retainer Kurwenal while the shepherd looks on helplessly is mournfully effective theater and an image that takes hold in the memory

Wagner purists will maintain that such liberties with the composer's texts are false to both the spirit of the operas and to Bayreuth itself. If operas were immutable like statues, there might be some truth in that, but in being staged they must be constantly reinterpreted. Productions such as these are exactly what is needed to keep the dead hand of tradition from strangling the vitality of the music.

—By Michael Waish



FIA FLES TO ST DESTINATIONS ON 4 CONTINENTS ABJUHAB. AMMAN AMSTERDAM ATHENS BAGHDAD BANGKOK BAHRAIN BELING BOMBAY CAIRO CHITRAL COLOMBO COPENHAGEN DAMAGUUS DHAHRAN DELHI DACCA DUBAI DONA DAR ES SALAAM DI KHAN FAISALABAD FRANKFURT GILGIT GWADAR MYDERABAD ISTANBUL JEDDAH JIWANI KARACHI KUWAIT KUALA LIMPUR LAHORE LONDON MANILA MOENJODARO MULTAN MUSCAT NAIROBI NAWABSHAH NEWYORK PANUGUR PARIS PASNI PESHAWAR QUETTA, RAWALPINDI ROME BAIDU SHARIF SHARJAH SINGAPORE SKARDU SUI SUKKUR TCIKYO TRIPOLI TURBAT

Behavior

The Customers Always Write

Doodles, says a Los Angeles graphologist, reveal oodles

Fred draws spider webs while talking on the phone with his france. This means he feels trapped and is having second thoughts about marrying her Bill leans hard on his pen and produces angular downhill scribbles, a sure sign of a violent personality. Howard doodles with flair long looping figures that reveal a freewheeling personality unafraid of risk

These analyses come from Andrea McNichol 37 a handwriting expert and interpreter of the lowly doodle who tuns her own Los Angeles tirm Graphology Consultants International Much of her business comes from the analysis of signatures and other handwriting often in forgery cases. But an increasing amount consists of scrutinizing scribbles and doodles for parole boards, law-enforcement agencies and employers eager to weed out troublesome prospective workers. Los Angeles Psychologist Clara Zilberstein calls McNichol's doodle analysis quite astute and superb and a former California county probation officer Carol Libby credits McNichol's tests with preventing the parole of a dangerous inmate. To McNichol the apparently aimless doodle carries a heavy message from the unconscious Says she. Why you are feeling the way you are is always in your doodles

Angular lines or tangled horizontal lines she says indicate hidden anger and

frustration. Arrows represent ambition and when aimed in different directions reflect confusion in achieving goals. Symmetrical detailed doodles are drawn by orderly precise conformists who are intolerant of chaos and insist on planning ev-

erything Race cars and running animals signal a need to escape. Little stars represent hope and the human eye indicates a suspicious nature the types says McNichol who always tend to look over their shoulders and question things

In tests of what she calls conscious doodles McNichol gives doodlers a choice of three writing implements Some pencil users aren't very. Graphologist McNichol honest she says Pencils

erase and it's a way of leaving no traces Criminals almost always choose a pencil Felt-tip doodlers want to leave the biggest impression with the least amount of work and pen users are middle of the roaders with their egos in check

Those tested must doodle in eleven partly drawn-in boxes plus one empty one each assessing some aspect of personality The confidence box for instance contains a wayy horizontal line. Doodling above the line indicates self-confidence Drawing a drowning person below the line

says McNichol sensibly enough signifies worry about the future Employers who use the twelve-box test to help judge job applicants usually watch the discipline box carefully. It carries a little square, and if testees draw another square this means they are willing to take orders. People who draw outside the borders of several boxes are too rebellious to be highly prized employees

Generally McNichol says those who draw human figures in any box are people who make both friends and enemies easily

> Written words are surefire signs of an intellectual Shading of any kind suggests sensuality

Most people doodle she says because they are bored But people who are building and creating such as fashion, designers and architects do a good deal of aimless doodling Children with learning disabil ities are probably the best doodlers she says because their normal outlets are blocked Writers doodle the least be-

cause they can usually express them selves in words. Generally when men draw women says McNichol they draw them naked Says she. Apparently, all they think about is sex

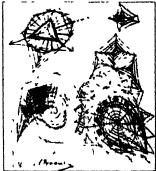
However almost all doodlers she thinks agree on one thing they are eager to have their work analyzed. To McNichof it is the sign of a healthy narcissism People love to learn about their psyches she says. We can't get enough of ourselves - -By John Leo Reported by

Hollis Evans/Los Angeles





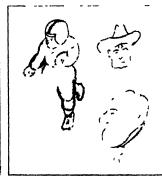
Coolidge: disturbed



Hoover: befuddled



Kennedy: graphic



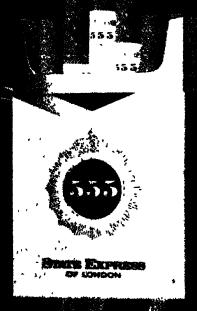
Reagan: sociable

White House Doodles

TIMF submitted a sampling of presidential doodles to Graphologist Andrea McNichol Her comments

Calvin Coolidge shows conflicting moods and feelings the bottom half is precise and calm, but the top half reflects an impatient, unhappy individual Herbert Hoover demonstrates incredible motivation, but the coiled web tells us he feels trapped, and the overlapping of the designs suggests that he is a bit befuddled and confused John Kennedy's graphic movement indicates a superior intellect. Obviously he had bad feelings toward the first, messily drawn house, which may be the White House His feelings are moderate toward the middle house and truly homey toward the third Perhaps he felt some confusion about job vs home

Ronald Reagan's three sketches represent different aspects of himself the cowboy, the athlete communicating physically and not verbally (notice there is no mouth), and the grumpy old man who looks to the left, representing the past These are the doodles of a powerful well-rounded man Overall, Kennedy is the brightest of the group Reagan the most sociable. Hoover the most confused and Coolidge the most disturbed



555 Stands out for taste

STATE EXPRESS

Books

The Prisoners of Gender

MANTISSA by John Fowles, Little Brown 196 pages, \$13 95

man awakens in a padded room A He cannot remember how he got there or much of anything else. Two women are watching him and from them he learns his name. Miles Green. He begins to dislike the observer who calls herself his wife and feels relieved when she goes away The attractive doctor with the strangely Mediterranean cast to her features stays and summons an equally appealing West Indian nurse Before long Miles realizes that his condition is going to be treated in an unusual fashion Ordering him to fondle her breasts, the doctor says 'I have a perfectly ordinary fe male body. Shut your eyes and use it Miles protests. He may not know who he is but he is certainly not the kind of man who would submit to such shameless immorality and in a hospital to boot. Naked now the doctor and nurse intensify their ministrations. Our sole function explains his physician is to provide you with a source of erotic arousal

This standard-issue male sex fantasy is rudely interrupted. A female punk rocker materializes, shouting obscenities and menacing Miles with her electric guitar She is outraged by the doctor-nurse scene convinced that Miles has written it to degrade women 'Ever since I got into serious liberation you been takin the mickey I got your number mate You're the original pig Numero Uno Despite the leather gear dyed hair and garish makeup. Miles recognizes this apparition as an old, inspiring friend. She is Liatothe classical Muse of lyric poetry and, by historical default of fiction as well

Or is she' In his fifth novel. Author John Fowles again performs the sort of narrative legerdemain that made both The Magus (1966) and The French Lieutenant's Woman (1969) such popular puzzlers. He raises tantalizing and entertaining questions. Why for openers, does he | John Fowles: narrative legerdemain

call this novel Mantissa and then provide a self-deprecatory definition of the word. An addition of comparatively small importance especially to a literary effort or discourse ' Does that mean readers seeking substantial fare should look elsewhere' Other queries quickly arise Is this Erato who breaks into Miles story real or a figment of his imagination? Wait a minute She has always been a myth (has she not') and what could possibly be called real in a made-up story that takes place entirely in a gray area suspicrously resembling a brain?

Literahsts who try to track



down such matters will find that Fowles, presumably the only one with the answers has disappeared leaving the slim trace of a smile between the lines Mantissa is a jeu d'esprit with a vengeance, its principal characters like so many of I owles earlier creations held in thrall by forces they cannot quite explain Erato and Miles are prisoners of gender When they squabble as they do throughout the test of the novel they helplessly re-enact timeless wars between the sexes

She accuses him of using her for only one thing and claims that she is totally his invention deprived of a will of her own She compares him unfavorably to the creatures she once frolicked with in ancient Greece. I'll tell you what a modern satyr is He's someone who invents a ! woman on paper so that he can force her to say and do things no real woman in her right mind ever would. He counters ironically by offering to reshape her in a manner more to her own liking. You could tell me the specific ways in which you'd, like to be totally unattractive to men They bicker over the details of their previous meetings. She says that he has learned nothing from her inspirations world's full of highly pertinent male-fcmale situations whose fictional exploration does subtend a viable sociological function - and yet this is the best you can come up with Muses I mean Christ It's so embarrassing. He says that his output as a writer began to suffer the moment she appeared to him. You've ruined my work from the start, with your utterly banal pifflingly novelettish ideas

Byplay becomes foreplay They tall into each other's arms and then violently push away. She taunts him with gossip about her former conquests. Shakespeare, Aristophanes TS Eliot everyone in fact whom Miles might hopelessly wish to emulate. He wonders aloud why she will not transform herself more frequently into the shape of that delightful West Indian nurse, simply for the sake of varied stimulation if she is so confident of her own seductive powers

Sex and art stare each other down,

and the contest is a standoff As he has done so often in the past, Fowles makes sure that the tie goes to the author During one of his short-lived triumphs, Miles pedantically explains his art to Erato 'Serious modern fiction has only one subject the difficulty of writing serious modern fiction. The loke is on everyone except Fowles Mantissa is clearly an example of serious modern fiction with itself as its subject, and not a trace of difficulty is visible anywhere in its construction A susceptible soul might be led to believe that the Muses are amusing Perhaps E1ato lives -By Paul Gray

Excerpt

Her right hand begins to pick a scale, a remote one, the Lydian mode The transition is melting rather than instantaneous, yet extraordinary. The hair starts to soften and lengthen, to suffuse with color, the hideous makeup drains from the face, the color from the clothes, and the very clothes themselves begin to dissolve and modulate into a tunic of pure white samite. It leaves both arms and one shoulder bare and reaches to mid-calf It is gathered at the waist by a saffron girdle. The material is not quite opaque where it is stretched. The boots vanish, she is barefoot. The now dark hair is bound up, in Grecian style

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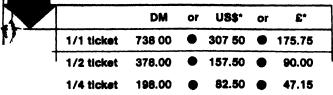
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Books

The Professor **And the Frog**

A scholar turns to parables

here once was a family of Hungarian frogs that went on a hopping holiday to the mountains of Transylvania The mountain forests were aswarm with wolves and wildcats, so the mother frog warned her children to keep quiet Her youngest son defiantly boasted 'I am proud to be a frog, and it is in the nature of a frog to croak "He hopped off one day to the bank of a pond and croaked so loudly and so long that a mountain goat spotted him and killed him 'I told him not to croak," the mother frog mourned 'Do not scold your dead son," said the father He had the courage to be himself"

The various possible meanings of that story are the essence of an odd but ingratiating documentary novel called The Frog Who Dared to Croak (Fariar, Straus & Giroux, 182 pages, \$11 95) The author, as odd and ingratiating as his book, is Richard Sennett, 39, better known as an omnivorously brilliant professor of sociology at New York University Sennett's hero, Tibor Grau, finds the folk-tale version of the frog story pessimistic and "not entirely clear ' Grau is at this point a propaganda official in the short-lived Hungarian revolutionary regime of 1919 so he has the authority to rewrite the nation's folklore. In his revised version, the frogs croak so loudly in unison that they frighten less organized animals away Says Grau 'A society which does not possess its people's dreams is not a society in control of itself

Tibor Grau still has much to learn The son of a Jewish banker named Von Grau, a furtive homosexual a teacher and philosopher of sorts he survives wartime exile in Stalin's USSR by following the principle 'You must lie to survive But what is a lie?" The tale of the frogs keeps reappearing in new forms Military Interpreter Grau tells it to some German war prisoners as a parable of how an arrogant team of jumping frogs lost at the Olympics During the Hungarian revolt of 1956 finally Grau becomes one of six Hungarians designated to negotiate with the Soviets and instead of appealing for freedom, he argues that Hungary, like the frog, is too small and weak either to fight or to be independent. For this futile croak, the aged survivor is expelled from the Communist Party "Yet, miraculously, 1 am still alive and well," says the last of his posthumous papers

An enigmatic and unsatisfying conclusion? 'But I didn t want to write a book about the great rebels, who are really heroic, but about some more ordinary be-Sennett says with a smile, as he pours white wine for a visitor to his Manhattan home "Grau thinks he has told the truth, finally, and taken a risk But he's so warped by the system that what appears to him a risk is in fact a defense of the system And yet he has dignity, because under those conditions of self-deception, he has done what he thinks is a courageous act And that's life, you know?"

The reactions to Sennett's Frog since its publication earlier this summer have also been somewhat ambiguous Prizewinning Author Donald Barthelme praised it as 'a most thoughtful meditation on the sociology of power," but the New York Times said that the "brilliant" Sennett "knows too much for a novelist" Sennett disputes the contradiction He not only sees Frog as a counterpart to his previous book of social criticism, Authority (1980) but sees both as the beginning of an eight-part series (four of them novels) on the main emotional relations underlying modern society authority solitude fraternity and ritual

Though Sennett once considered himself part of the New Left Authority begins on a quite different note. The need for authority is basic. Children need authorities to guide and reassure them. Adults fulfill an essential part of themselves in being authorities, it is one way of expressing care for others" To demonstrate what authority is Sennett portrays not a politician dominating a crowd but Conductor Pierre Monteux whose 'ease at being in control' was so complete that a raised eyebrow was enough to cue the French horns

ntil the 18th century says Sennett, Until the four contains a nat, such authority was accepted as a nat, ural consequence of an inherent inequality among men When the American and French revolutions outlawed that inequality, they undermined all authority making it seem shameful to take orders New techniques had to be devised Sennett skillfully traces the modern evolution of authority from paternalism, which falsely promises to take care of its subject. to the impersonal modern manager who controls his subordinates by politely treating them as unnecessary Says Sennett 'It is not so much abrupt moments of humiliation as month after month of disregarding his employees of not taking them seriously which establishes his It is a silent erosion of domination their sense of self-worth which will wear them down' Sennett concludes that domination is a 'necessary disease the social organism suffers " It cannot be cured but can be resisted, made to pay a higher price in care and nuituring for the obedience it demands

"Everybody has a mid-life crisica" says Sennett, 'and mine was seeing two very big things I could do and not being able to manage between them I wanted to describe the contradictions in the emotional relations that people have in our society, which wasn't a matter of personal psychology but of social forms. But having announced this grandiose project, I found

indard March
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Sociologist Sennett at home among his books, music, harpsichord and two gray cats

'It still terrifies me but I m going to force myself to do it

that I was ambushed from within I tealized that lots of the things I felt and saw in social life really broke the bounds between social commentary and fiction

Now I m halfway through this nonfiction book trying to describe the ambiguous experiences of solitude. On the one hand, it's seen as a punishment, in the sense that you've failed to establish relationships with other people. On the other side solitude is a kind of freedom. But I m writing a novel about that too about those same themes of isolation. It's called 4n Evening of Brahmy It's about New York in the 60s. The story is very simple. The young woman is a planist and she contracts cancer, and her husband leaves her in a rage before she dies. And after she dies he conducts a performance of the Brahms Requiem and the last part of the novel is entirely about what's going through his mind. And it's a novel about the fact that there is no day of judgment after death

Music is a natural metaphor to Sennett for he spent his boyhood training to be a professonal cellist. While getting his A B at the University of Chicago, he also was accepted as a student of conducting under Monteux. At the age of 21, as he came onstage to begin a cello recital, the nervous tension became too great. I vomited into my cello, he recalls with a grimace. I can laugh about it now, but at the time it was "Words fail him."

Sennett warked off the stage, leaving his musical career in ruins behind him He fled to Harvard, began graduate studies under Sociologist David Riesman and so, in his words, 'sort of wandered into doing sociology" He started teaching at Brandeis, at Cambridge, at Harvard, at NYU

Sennett's earliest books on the conflicts of urban life suffered from a surfeit of youthful idealism but he struck a more original lode in *The Fall of Public Man* (1977) In the 18th century, according to his theory, men enjoyed a public life that was quite different from their private lives they dressed in street costumes that

identified them not only by caste but by profession they felt at ease in talking to strangers but keeping them at a distance During the 19th century partly as a result of the pressures of industrialization private life came to be exalted as a sanctuary then began to provide the standards for public life as well. The age of civility became the age of charisma and false "intimacy Politicians were judged as personalities and acted accordingly so did musical virtuosos. Narcissism became the basic mental illness of modern times. This may sound overly schematic but Sennett ornamented his provocative thesis with a tich array of illustrations on what kind of makeup French ladies used under the uncien regime and why London theater audia ences wept when a hero died and why the malls of modern shopping centers often stand empty

By now Sennett has come a long way from the New Left. It did seem to me then that out of all this turmoil we niight produce a different kind of society inote complicated more civilized. He says But in fact I was totally deceived. The vision that I think has informed all my books is a radical critique of the way ordinary American life goes on I suppose I've become an old-fashi and 19th century liberal—without the belief in capitalism."

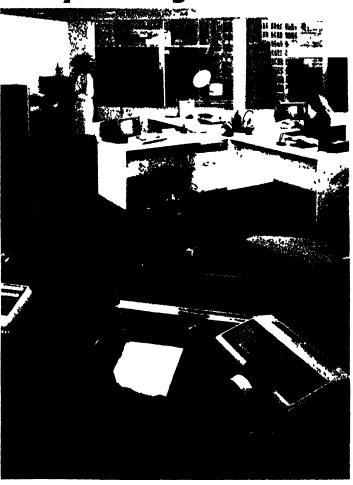
The 19th century liberal lives in a beautifully preserved row house in a cobblestone mews just off Washington Square Geraniums blossom in the window boxes Two gray-and-black cats fiolic around the haj psichord Near by stands the cello on which Sennett has been practicing Beethoven's A-Major Sonata

'I've got a lot of uninished business in my life,' says he 'I ve started taking cello lessons again, and I'm going to start playing in public again I've already played some in orchestras. It still terrifies me, but I'm going to force myself to do it. Because I think it's one of the nice things about middle age that you know that even if it's a disaster, you don't have to kill yourself."

Croak — By Otto Friedrich

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Letters

Land for Sale

To the Editors

It is good to have TiMe's thorough coverage of the "Land Sale of the Century" [Aug 23] President Reagan and Interior Secretary James Watt have the courage and understanding to deal with the Government's tendency to acquire property and hold it long after the federal need for it is gone

John F Durr Bellevue Wash

Your story objectively presented both sides of the land controversy Unfortunately. Secretary Watt's cavalier treatment of conservationists honest concerns has called his motives into question I doubt that he will ever be trusted to serve what environmentalists perceive to be the best interests of the nation

John W' Garrett Quaker City, Ohio



Secretary Watt has provoked a dialogue about long-term goals for our nation. Neither he nor his detractors will ultimately be right on all counts, but the nation will surely benefit from a heightened concern for natural-resource issues. A recommitment to conservation with both use and protection of our lands, will arise

Derrick A Crandall President American Recreation Coalition Washington, D C

Unlike President Reagan's errors in handling the economy, which can be corrected after he leaves office, the vandalism of James Watt will be irreparable

Thomas Bernick Dearborn, Mich

Let's pray your epitaph for American land ("Going, Going") applies instead to Secretary Watt's Government career Warren P Wolfe Aurora. Colo

The small bits of Government-owned land near large urban areas are often this country's most valuable recreation assets. To sell to a developer a parcel of beachfront property like Fort DeRussy in Honolulu, the last open spot along Waikiki Beach, is not just shortsighted, it is criminal. Such choice pieces of real estate should be recognized as national treasures.

Philip J Abbott San Francisco

Your article falsely states that ranchers are dependent on federal land because private land is overgrazed. The reason for the dependency is the patchwork nature of real estate ownership in the West Ranchers need the public areas to tie the scattered tracts of private land together. There is no profit in overgrazing. If a steer has to walk 100 yds to get a mouthful, he isn't going to get fat. My family has been on the same ranch for 93 years. If we had abused the land, we would have had to move long ago.

T Douglas Cooper Casper, Wyo

Lebanon's Aftermath

I am outraged by the criticism heaped on Israel for its advance into Lebanon |Aug 23| Regrettably, civilians have been killed in this tragic war but the PLO is equally responsible. Its members in a cowardly and calculating way situated themselves in the middle of a large and defenseless civilian population. The PLO's crimes against innocent people both Lebanese and Israeli, have been conveniently ignored or forgotten. It is the media's presentation of the war in Lebanon, rather than the war itself, that has clouded Israel's image in the world's eyes Richard S Gillette.

The Israelis have destroyed all possibility for a peaceful relationship with Lebanon Despite the trouble the Palestinians brought to Lebanon, the Lebanese understood their situation. If the Israelis think that by bombing civilians they can engender resentment against 'he Palestinians, they are grossly mistaken. They have only alienated themselves permanently from the Lebanese and everyone else who realizes the cruelty in their souls.

Cynthia Soghikian-Wolfe Irving, Texas

The Nobel Peace Prize should be awarded to Special Envoy Philip Habib Because of his diplomatic skills, Lebanon may once again live in peace

P Bauer Cleveland

Tucson

Armenian Revenge

Thank you for the brief history of the tragic Armenian-Turkish conflict of World War I (Aug 23) Articles like yours

help people understand why the Armenians are resorting to violence If the world had listened years ago instead of turning a deaf ear to the cries of the surviving Armenians, there would be no need for terrorist acts now

Krikor D Hakimian Whittier, Calif

Your account is unfair to the Turkish people who have lived in peace with the Armenians since the 13th century During World War I, when Turkey was struggling for its very existence. Armenians openly sided with Russia and became a threat to eastern Turkey An ill-conceived attempt to secure the Russian front by deporting the Armenian population from the border provinces to the south resulted in many deaths It was a desperate, chaotic time. when many Turks also starved and atrocities were committed by both sides Labeling a wartime tragedy with terms such as genocide and holocaust will not help heal old wounds

> Umit T Aker St Louis

It must be remembered that Turkey was torn asunder by the collapse of the Ottoman Empire prior to and during World War I The Armenians, supported by the Russians, resisted the Constantinople government and went so far as to displace other ethnic groups from the traditional Armenian homelands, murdering indiscriminately Nobody can deny that the results of Talaat Pasha's orders were tragic However, the events that occurred a more than 60 years ago under the aegis of the Ottomans, should not be avenged today Turkey has long since put behind her the evils of her empire Terrorist acts will not undo what was done nor will they result in an independent state for the Armenian minority in Turkey

John R M Seager Thousand Oaks, Calif

Stylistic Differences

I'll admit that Michael Graves' new office building in Portland, Ore, is different, but I doubt that it's dangerous [Aug 23] Walking through the entrance portals of such a distinctive structure might even put a smile on my face before my second cup of coffee

Laura A O Connor Calumet City, Ill

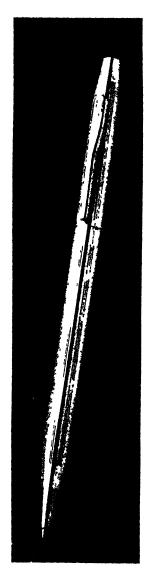
Despite some minor eccentricities, Michael Graves' building makes primary that element most wanting in a Bauhause inspired glass box human scale

Kenneth Hawkins Portland, Ore

The fault lies not in the colorful building but in ourselves. Our senses have been dulled by the gray and numbing effect of incessant modernism. The irregular lines of Graves' design are intriguing, the plac-



In the country which created cognac, the largest selling cognac is MARTELL.



GIVE YOU'R SIGNATURE THE RESPECT IT DESERVES

_etters

id colors pleasing, and the size does not diminish us This happy building is refreshing, not threatening

> Charles Tryon Tualatin, Ore

Mayor Ivancie and his supporters should be boiled in treacle for permitting defacement of their revitalized central city by Graves' marzipan monstrosity

> Patricia D Weinberger Ojai, Calif

Textbook Tempest

One can only stand aghast at Norma Gabler's campaign to further emasculate and eviscerate public school texts (Aug 23] These books already contain the most pallid prudish, wimpish and boring drivel ever produced by US publishers

> James D Williams Indianapolis

We students do not want to be protected from life's realities These self-appointed censors are cheating us by not allowing us to mature If we are so carefully guarded, we will be in for a painful shock when we become adults and will be unable to cope with the problems we will undoubtedly face

Katherine Flizabeth Insalata Florham Park NJ

All in the Family

Regarding your Show Business story that refers to "a bizarre blood, the Sedgwicks ' [Aug 23]

'Old' money didn't "grow wild like weeds" in the family Edie's father Francis, a sculptor, and his father, a historian, were obviously not in lucrative professions Francis grandfather Henry D Sedgwick lost his estate in 1892, leaving almost nothing to the next generation

Uncle Minturn did specify a pine coffin, not because it was cheap but because it was simple and in accordance with family tradition

There is no record at least over the previous century, of any manic-depressive or suicidal strain in the Sedgwick family's lineage prior to Edie's father

> Ellery Sedgwick Jr C'eveland Heights, Ohio

Mail Matters

Instead of planning how to deliver mail after a nuclear war [Aug 23], the US Postal Service would serve us better if it figured out how to get the mail to us today

> Millar Guthrie LaGrangeville, NY

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A Letter from the Publisher

ever since the Watergate affair, investigative reporting has been invested with a glamour that is often quite different from reality As the TIML staff members who prepared this

week's cover story on the Vatican banking mystery will verify, journalism that is both hard-hitting and accurate requires long hours of cross-checking information and pursuing leads that often go nowhere

For New York Correspondent Jonathan Beaty, that meant visiting with lawyers and family members of imprisoned Italian I mancier Michele Sindona so he would know the right questions to ask when he interviewed Sindona That opportunity finally came at federal prisons in Springfield Mo, and Otisville NY During six hours of interviews in what were Sindona's first candid talks with a Beaty, Byrnes and labyrinthine scandal diagram reporter since he went behind bars

Beaty found the banker an invaluable guide to the arcane world of international finance Says Beaty He would interrupt an interview to deliver an old master's lecture on how to move money worldwide or how to deliver secret funds to South American generals

Rome Correspondent Barry Kalb, who has followed the story from the start had the frustrating job of trying to confirm often contradictory details with Italian banking sources. Savs kalb 'In the space of one week I got three differing accounts from three officials involved in the investigation. No one was purposely lying They all spoke without being sure 'Rome Bureau Chief Wilton Wynn found that Roman Catholic Church sources were tight-lipped about Vatican bank activities but

** "IERIL managed to talk with the other key figure in this week's story Archbishop Paul Marcinkus On the other side of the globe TIME's Timothy Loughian searched through corporate records in Panama for clues on Latin American companies with Vatican ties

As information poured into New York Reporter-Researcher Rosemary Byrnes mapped the Italian banks extensive holdings on her wall with pushpins index cards and colored thread. But in the end it was up to Associate Editor Spencer Davidson and New York Bureau Chief Peter Stoler to shape a coherent narrative from the weeks of in-

Cover: Photograph by TEAM

Reagan's Proposal:

Mideast calls for a

freeze on settlements

in the West Bank and

Gaza and a Palestin-

ian homeland linked

to Jordan Reactions

no from Israel maybe

from some Arabs Ser

UNITED STATES

His fresh start in the

22

terviews and research Says Stoler who wrote the final version of this week's cover text. For me one basic question remains unanswered. How could so many people have got away with so much for so long?

ahn a meyers



14

Index



Cover: I wo suicides that might have been murders A major Italian bank failure sending shock waves Amid it all mentitying to serve God and mammon in the secretive dealings of the Vatican bank See WORLD



50 Cinema: Ingrid Bergman always knowing accepting convincing wise sober and gifted graciously selfaware in a manner that was rare in her profession denounced but also beloved The world mourns a great actiess



crisis deepens Presi dent Lopez Portillo calls for the nationalization of banks gle and the poor get poorer as aid to the Third World falls

World: Fear gas and

mark Solidarity's sec-

ond birthday in Po-

government faces up

with the US ▶ The

economic outlook in

gloomy

South Africa remains

to its prickly relations

land ▶ Pakistan's

Molotov cocktails

Economy & Business: As Mexico's financial ▶ The near rich strug-



Books: Sir John Hack ett's sequel to The Thud World Warteminds us that war is too attractive to be left to the generals ► The Diary of Luginia Woolf 41 years after her death her output is still rolling off the presses



2 Letters

34 Special Section

54 Law

40 Living

54 Sexes

41 Computers 51 Milestones

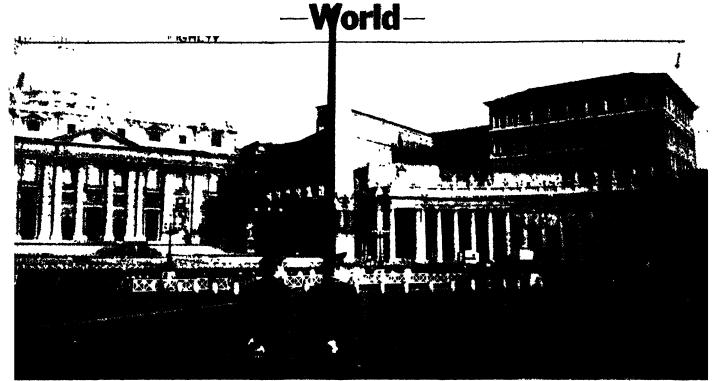
55 Medicine

52 Sport

3 People

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At dawn, police gaze across nearly deserted St. Peter's Square toward building, right, housing the Vatican bank

COVER STORY

TIME SEPTEMBER 13 1982

Trouble at the Pope's Bank

A tale of two deaths, twelve investigations and missing millions

wo suicides both of which could conceivably be murders. As much as \$1.2 billion in unsecured loans The failure of Italy's huge Banco Ambrosiano which has left more than 200 international financial institutions holding the bag for millions in loans. A scandal that has threatened the stability of the entire international banking system

and has begun to bring subtle changes in the way the world's major banks do business A secret plot to undermine the government of Italy and to change the shape of politics in several Latin American countries

Even if these were the only ingredients, the story would still be intriguing enough for a Robert Ludlum thriller But an added element is making the scandal that has tocked the financial world one of the most compelling real-life mysteries of the century the involvement of the Istituto per le Opere di Religione (IOR) better known as the Vatican bank

See for religious works the I O R is much like any other international commercial bank. It accepts savings and checking accounts and transfers funds in and out of the Vatican. There are however some interesting differences. Tucked away in the medieval tower of Sixtus V, the bank is not easy to locate Depositors must be connected with the Vatican. The list of



Founded in 1942 to invest Archbishop Paul Marcinkus with Pope John Paul II during 1980 African trip the funds given to the Holy Serving both God and mammon can be a difficult task

those eligible includes members of the Curia—the Pope has a personal account No 16 16 -- the 729 permanent residents of Vatican City and those employed there heads of religious orders and a small group of clergymen and laymen who have regular business dealings with the Vatican No others need apply The bank's assets are thought to be modest by interna-

> tional standards. For that reason the scandal is especially threatening to the IOR Italian authorities say the bank may be liable for much of the millions the Banco Ambiosiano Group owed to international banks

> The scandal has also brought a wave of unwelcome attention to the Vatican banks American-born president Archbishop Paul Marcinkus (see hox) So far. no one has openly accused Marcinkus of any illegal acts But he is one of three Vatican officials under investigation by Italian authorities, who have indicated that Marcinkus could ultimately be charged Serious questions are also being raised about

his judgment and competence, specifically about his willingness to let the Vatican bank and its good name be used by international wheeler-dealers. At least ten othofficial inquiries into Banco Ambroanos affairs are under way, in Italy ritain Switzerland Luxembourg, the hamas and Peru As those investigains stumble forward, the archbishop's once promising career is under a cloud. and the affair threatens to become an embarrassment for Pope John Paul II

Simmering for more than a year the scandal came to a boil last June 18 when a postal clerk for London's Daily Express made a distressing discovery on his way to work The clerk looked beneath Blackfriars Bridge and spotted the body of a man dressed in a black suit hanging from a rope tied to a metal scaffolding his toes just touching the surface of the muddy Thames The dead man's pockets contained some \$13 000 in various currencies, s well as 12 lbs of bricks and stones He was identified as Roberto Calvi 62, the president of Banco Ambrosiano of Milan, the largest private banking group in Italy, with operations in 15 countries Calvi who had disappeared mysteriously from Italy a week earlier was the architect of a financial house of cards and his death brought it tumbling down

In the months since Calvis death Italian authorities have ordered the liquidation of Banco Ambrosiano and declared the institution officially bankrupt The government has also been pressing the Holy See for a fuller disclosure of its tole in the bank's affairs thus tekindling the age-old tension between Italy and the Vatican, an independent entity that occupies 1087 acres in the center of Rome I he Bank of Italy the nation's central bank has agreed to cover only part of the

Banco Ambrosiano Group's \$1 2 billion shortfall and is suggesting that Banco Ambrosiano headquarters in Milan the I O R may be hable for at least some of the money Part of the reason

for the Bank of Italy's stand is to pressure the Vatican to bring its bank into line with Italian banking regulations The Bank of Italy has long been resentful of the IOR's status as an unregulated "offshore ' or foreign bank in the heart of the country and the way Italian citizens have used the institution to circumvent Italian law In addition, Archbishop Maicinkus and his two principal lay assistants, Managing Director Luigi Mennini 71 and Chief Accountant Pellegrino de Strobel 70, are under investigation in connection with the possibly fraudulent bankruptcy of Banco Ambrosiano

he Vatican, pointing to its status as a sovereign state has so far declined to cooperate with the Italian authorities. But the Holy See has launched a twelfth investigation this one its own Agostino Cardinal Casaroli, the Vatican's Secretary of State has named three respected international bankers to examine the IOR's role in the scandal * Casaroli has pointedly not suggested that Marcinkus did anything illegal At the same time however, the Archbishop of Florence Giovanni Cardinal Benelli a former Vatican Under Secretary of State, has told the Italian magazine Il Sabato that 'if there was any imprudence, it was because of incompetence and inexperience. Added Benelli The fact that Archbishop Paul Marcin-

Citing the pending investigations *The trio already dubbed the three wise men by the Italian press are Joseph Brennan 71 chairman of the executive committee of New York's I migrant Savings Bank Phillippe de Week 63 former presi-dent of the Union Bank of Switzerland, and Carlo Cerutti 70 vice president of SIFF the Italian national telecommunications company

kus is a friend of the Pope's doesn't mean

that he has to remain in the post

Marcinkus has declined to discuss the Ambrosiano affair in detail After contacts with Vatican officials and conversations with Marcinkus, however, TIMI Correspondent Wilton Wynn reports that the Vatican claims its relationship with Calvi and Banco Ambrosiano involved only normal banking operations. As for Marcinkus he is still at his Vatican bank post, expressing confidence that the storm will pass Says he 'The old archbishop is tranquil His conscience is clear

Whether Marcinkus has good reason for such tranquillity may not be immediately known. It would surely take all the various investigators and a battery of computers to determine just what Calvi did with the huge sums his banks borrowed and to figure out who is liable for the losses that resulted. The investigations are likely to last for weeks. But the outlines of the scandal have already begun to emerge Calvi began spinning his web in 1971, shortly after he became managing director of Banco Ambrosiano An employee of the bank for 24 years, Calvi was determined to transform it into a major international financial institution from a relatively small regional bank with strong religious overtones (until ten years ago, would-be shareholders had to present baptismal certificates to prove their Catholicism) One of his first steps toward that goal was to form a Luxembourg holding company Compendium which later became Banco Ambrosiano Holding The advantage of a foreign subsidiary it is not subject to Italy's banking regulations Calvis next moves were to use the Luxembourg holding company to set up banks in Switzerland the Bahamas Peru and Nicaragua, as well as companies in Panama Luxembourg and Liechtenstein

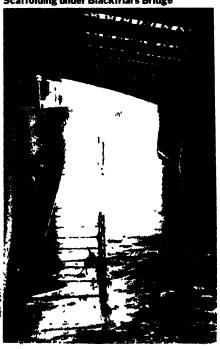
The Panamanian firms were especially useful Under local laws they could be started with as little as \$10,000 in capital but could be used to borrow far greater sums Calvi











World

launched at least a dozen such 'shell' companies in Panama, listing employees of his Bahamas bank, including the switchboard operator, as directors and officers

The Vergil who first guided Calvi through the descending circles of these and other transactions was Michele Sindona A onetime Italian financier and Vatican financial adviser, he is currently serving a 25-year prison sentence for fraud in connection with the 1974 collapse of New York's Franklin National Bank (see box) Sindona who is now at the Federal Medium Security Prison in Otisville, NY, became Financier Michele Sindona in federal prison connected with the Vatican in the

mid-1960s and later he helped Pope Paul VI divest the church of its many holdings in large companies Sindona then sold Calvi several firms, including La Centrale, a small finance company that quickly became a vehicle for still other Calvi acquisitions

Sindona did Calvi another favor In 1971, he introduced him to Marcinkus who had been named effective head of the IOR in 1969 after a distinguished career in various Vatican posts but who had no



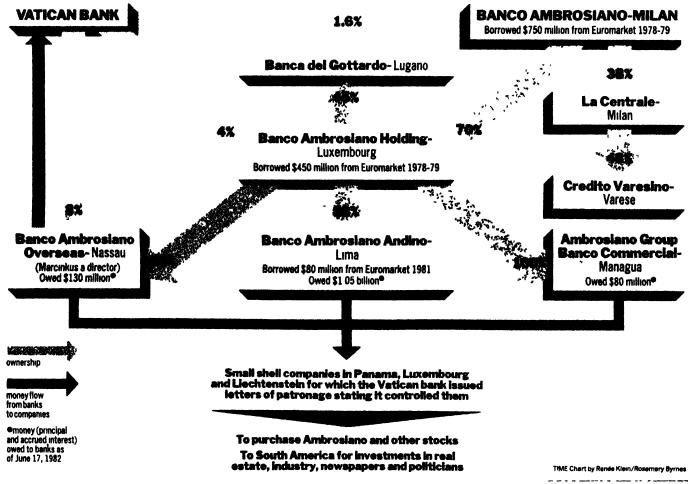
experience as a banker Sindona and Calvi hoped to use Marcinkus for their own purposes The bankers and the churchman obviously found it advantageous to do business together Although the Vatican bank denies it had much to do with either Calvi or Sindona the IOR eventually became Banco Ambrosianos fourth largest stockholder acquiring over the years at least 794,390 shares, or 1 589%, of the bank's stock Marcinkus became involved with Banco Ambrosiano

in other ways as well In 1971, a few months after Sindona and Calvi set up Banco Ambrosiano Overseas in Nassau, a "Mr Paul Marcinkus was listed as one of its directors "We used his name a lot in business deals," Sindona said I told him clearly that I put him in because it helps me get money

What could the IOR have obtained in return? Sindona says that the Vatican bank initially received 2.5% of the Nassau bank's stock Vatican officials have revealed to TIMI that the stake in the Nassau bank eventually rose to 8%, and that the church's interest in Banco Ambrosiano Holding, Luxembourg was 4%

The IOR according to Sindona also performed some valuable services for its partner Italian law restricts transferring! funds out of the country, but that stricture does not, of course apply to the Vatican bank Sindona says that the IOR regularly moved funds out of the country for Ambrosiano and other Italian banks He also asserts that in return for such favors Calvi's banks paid the IOR an interest rate on its deposits that was one percentage point higher than other customers re-

CALVI'S TANGLED DEALS



ceived Vatican officials flatly deny that the IOR ever helped transfer funds out of the country for Italians

As Sindona's fortunes fell (his Banca rivata Italiana collapsed in 1974, the me year his American operation fell part), Calvi's rose He was named presint of Banco Ambrosiano, and he acquired more and more companies. The publicity-shy Calvi also attracted attention from the Italian press. He was dubbed 'God's banker' for his ties to the I O R, as he took over the disgraced Sindona's role as the Vatican's lay financial partner.

ut Calvi's luck soon ran out. The Bank of Italy, suspicious of the way in which he was wheeling and dealing in the international money market ordered him to put his confusing array of banks under the single name of Ambrosiano Italian businessmen and politicians became nervous about another Calvi acquisition Calvi bought a 40% interest in Italy's 73-yearold Rizzoli publishing company and with it a piece of the Milan-based Corriere della Seru Italy s largest, most respected daily newspaper Italians who were already uneasy about Calvi's connections with the Vatican became fearful that he might turn the independent Cornere to his own purposes, perhaps to punish his enemies with unfavorable coverage Some Italians believe that Calvi's growing power led influential businessmen and public officials to push for his downfall

Calvis real problems had begun in 1978 when the Bank of Italy conducted an extensive audit of his financial empire. The examiners noted unorthodox operations and complained that Ambrosiano affiliates were carrying out all types of operations outside of controls. Ominously enough, the investigators also noted that they could not separate Ambrosiano holdings from Vatican holdings because of the complex interlocking relationships between them

That audit proved to be inconclusive but it led to a second completed earlier this year, that uncovered \$1.2 billion in unsecured lending Calvi was buying up Ambrosiano stock, possibly using money

borrowed on international financial markets by Ambiosiano and its subsidiaries, in an attempt to strengthen his grip on the parent bank During 1978-79 and in 1981, Ambrosiano and its subsidiaries raised about \$1.2 billion In these years the banks lent at least \$800 million to the low-capitalized shell companies in Panama, Luxembourg and I techtenstein The shell compahes in turn used about \$400 milion to buy stock in Banco Amorosiano, La Centrale, Credita Varesino and other securities Al! or part of yet another \$400 million appeared to have been funneled through these same



Vatican Secretary of State Agostino Casaroli

A rough riddle for the 'three wise men'

American deals Millions were involved in politically connected investments and payments according to Sindona By June 1982 the shell companies owed Banco Ambrosiano banks about \$1.2 billion—the \$800 million they had borrowed plus \$400 million in accrued interest (see chart) Calvi's scheme and his empire, collapsed because Italian lire, in which the Ambrosiano stock was denominated, failed to keep pace with the rising value of dollars, in which the loans had to be repaid

In 1981, Calvi and several colleagues were indicted for illegally exporting \$26.4 million in capital from Italy during 1975 and 1976. Calvi was found guilty in July 1981, fined a total of \$11.7 million and sentenced to four years in jail. For a brief moment, he appeared despondent. During the short time he spent in jail before his release on bail he went so far as to slash one of his wrists and take a large number of barbiturates in a suicide attempt.

While Calvi was being prosecuted for the illegal export of capital, police raided



companies to finance South P2 Member Umberto Ortolani



P2 Grand Master Licio Gelii

the sumptuous Arezzo villa of Licio Gelli a Tuscan-born businessman with financial and right-wing political links to South America Gelli also served as Grand Master of a Masonic lodge known as Propaganda Due or P2 Police found Calvi's name, along with those of other prominent Italian and South American politicians, military officers and businessmen (including Sindona), on the secret membeiship list P2 was trying to support anti-Communist political activities in South America and subvert the Italian state by taking control of its institutions through the lodge's influential membership. The discovery of P2 helped topple the government of Prime Minister Arnaldo Forlani in 1981 The scandal also sent into hiding Gelli and another lodge member, Umberto Ortolani, an Italian with banking interests in South America

Calvi working with Gelli and Ortolani, set up banks in Managua, Buenos Aires Lima and Montevideo, promoted Italian arms sales, and funded newspapers for ideological reasons. Sindona claims that Calvi told Vatican bank officials about the financial support for some of the projects. The I O R. denies it

ven as he appealed his four-year jail sentence Calvi continued to try to make new deals and extri-Late himself from the hole he had dug Barely a month after his conviction, in fact, he asked the IOR's help as he sought ways to help pay off the existing loans made by his shell companies Though he had been convicted of a financial crime Calvi was still made welcome at the Vatican bank and other banks Marcinkus defense for such forgiving generosity is that Calvi, even after his conviction was reconfirmed as president of Banco Ambrosiano and the bank's balance sheet was approved in 1981 by the Bank of Italy

The I O R supplied Calvi with 'letters of pationage (called comfort letters by bankers) stating that the shell companies were controlled, either directly or indirectly, by the I O R By issuing such letters the Vatican bank was in effect vouching for the companies credit worthiness. The letters do not legally obligate

the Vatican bank to pay off debts of the companies in question But the letters do according to some banking officials, imply a moral obligation Marcinkus did not sign the letters, but he has taken tull responsibility for them

Even more troublesome for the IOR, investigators have discovered what has been dubbed a 'liberating letter,'' written by Calvi to the IOR five days before the letters of patronage were issued The liberating letter effectively negates the letters of patronage and relieves the Vatican bank of any responsibility for the companies in question Yet this letter was never made known to the Ambrosiano Latin American, banks that lent money to Calvis shell firms The liberating letter thus gives the arrangement between Calvi and the IOR the appearance of a conspiracy to withhold essential information from the lending banks. The various letters suggest that Marcinkus allowed the Vatican's name to be used in a questionable way in order to influence the bankers The letters of patronage were written after loans had been made to the shell companies, and according to Vatican sources. Marcinkus claimed the letters were for 'internal use "Calvi needed them to appease the directors of Ambrosiano's Peruvian bank who had questioned the value of the shell companies

The IORs letters of patronage seemed to help Calvi, at least temporarily But in the end even this ploy failed When Calvi asked the IOR to renew the letters which expired in June 1982, Marcinkus turned him down. Another setback soon followed When the Bank of Italy demanded that Ambrosiano account for its huge foreign lending the bank's directors overruled Calvi and agreed to cooperate

His world collapsing about him, Calvi fled Italy with a false passport flying first to Austria, then to England There, according to the two men who were with him, a traveling companion and a longtime business paitner he remained in seclusion in a rented apartment in London's Chelsea section As he waited, there was more bad news On June 17 Banco Ambrosiano's board of directors voted to strip Calvi of his powers, and the Bank of Italy, appointed a commission to run Ambrosiano That same day Graziella Corrocher, 55, Calvi's longtime secretarywho, according to Sindona, also kept the books for P2-plunged to her death from the fourth floor of the bank s Milan headquarters She left behind an apparent suicide note saying May Calvi be doublecursed for the damage he has caused to the bank and its employees" Whether Calvi knew of Corrocher's death is not

The Affable Archbishop

o his fellow seminarians, he was known as a "gentle giant" who could run the table at billiards or play a mean game of basketball Four decades later. Paul Casimir Marcinkus, 60, is still regarded as a man of multifaceted talents, even though his prodigious labors have cut down the time he can devote to sports. The highest-ranking American in the Vatican hierarchy, Marcinkus wields enormous influence through three jobs president of the Vatican bank, organizer of papal trips abroad, and head of the Pontifical Commission for Vatican City, in effect the governor of the papal ministate The scope of his power and the stamina he brings to his work do not surprise his former classmates "He had marvelous endowments," recalls Father Edward Dufficy, now pas-

tor of Chicago's St Francis Xavier Cabrini Church "You name it, he was an

expert at it "

One of five children born to parents who had emigrated to the US from Lithuania, Marcinkus endured an indigent childhood in Cicero, Ill "We were poor all right," he told TIME Rome Bureau Chief Wilton Wynn "My father worked first as a farmer, then as a steelworker, and wound up washing windows on downtown buildings." Young Paul had a higher calling. After graduation from a Roman Catholic high school, he enrolled at St. Mary of the Lake Seminary in Mundelein, Ill, to study for the priesthood Upon his ordination in 1947, he served as assistant pastor at St Christina's parish in Chicago Then he went to Marcinkus gelfing in Italy Rome to study at the Pontifical Gregori-

an University, sometimes called the "cradle of bishops" The Roman experience changed his life In 1952 he joined the Vatican's State Secretariat and began diplomatic training at the Pontifical Ecclesiastical Academy Marcinkus' aptitude for hard work and pragmatic management soon caught the eye of Archbishop Giovanni Battista Montini, then Under Secretary of State for the Vatican Following tours as a papal diplomat in Bolivia and Canada, Marcinkus returned to Rome in 1959 Four years later his patron Montim became Pope Paul VI. The new Pontiff plucked the burly (6 ft 3 in , well over 200 lbs.) American from the Secretariat and made him part of an intimate circle of advisers

Paul VI's first journey abroad, to Jerusalem in 1964, proved so chaotic that he selected Marcinkus, a born organizer, as his advanceman on future trips. The choice proved fortunate, if only because of Marcinkus' athletic instincts During a visit to Manila in 1970, he helped to subdue a Bopapal tours under Paul VI and 14 under John Paul II His brusque, uncompromising style and the frenetic pace of papal visits sometimes offends foreign dignitaries, but Marcinkus' organizational abilities won him admiration and new responsibilities Paul VI put him in charge of the Vatican bank in 1969 With the job came his consecration as bishop Soon after Paul VI died in 1978, John Paul II reconfirmed Marcinkus as

livian artist who tried to assault Paul VI with a knife

In nearly two decades, Marcinkus has orchestrated eight

president of the bank In 1981. John Paul II gave him the task of running Vatican City's sovereign administration, with the new job came the title of archbishop and the prospect that Marcinkus could rise to become a Cardinal

Even though he handles billions of dollars for the Vatican, Marcinkus earns only about \$2 000 a month and leads a relatively humble existence. Since 1968 he has lived in a

> spartan apartment in the Villa Stritch, a residence for American priests who work at the Vatican As head of Vatican City, he also has a much bigger apartment inside the papal state, but confesses that "the whole thing is much too big for me" He likes good food and fine wines, and is often seen, garbed in a somewhat shabby black cassock, at such well-known Roman eateries as George s and Piccolo Mondo Marcinkus' taxing work schedule affords him little opportunity to indulge in golf, which he loves to play at exclusive Roman clubs like Acquasanta and Olgiata

> With his twinkling blue eyes and engaging smile, Marcinkus is renowned as a lively raconteur with a droll sense of humor During a Paul VI trip to Turkey.

Marcinkus aided an American radio correspondent by steadying him on a precarious rock and holding his microphone When the newsman discovered later that his pocket had been picked, he kidded Marcinkus by saying, "If I had not seen both of your hands, I might have suspected you" Responded the American prelate "Ah, but did you see the Pope's hands?"

While most of Italy fled to the beaches and hills for summer vacation, Marcinkus remained in Vatican City, waiting for what he calls "this mess" of an investigation into Vatican banking practices to be resolved Despite the widespread suspicion in Italy that Marcinkus has made serious mistakes, old friends in Chicago, who quote Marcinkus as feeling "lonely for support" in the controversy, believe he is being singled out as a scapegoat "There are two things he is not dumb or crooked," says Jim White, 59, an advertising executive who has known Marcinkus for more than 30 years "There is not a stupid or devious bone in his body."



World

The discovery of Calvi s body the following day raised more questions than it wered In the absence of evidence to contrary British authorities ruled lalvi's death a suicide Both Sindona and alvis son Carlo, 30 believe that the anker was murdered They note that Calvi had kept in touch with his family by telephone during his flight from Rome and had even said he looked forward to coming home. That suspicion endures. As Franco de Cataldo a member of an Italian parliamentary commission investigating P2 declared last week on the floor of the Chamber of Deputies, It appears ever more probable that Calvi was murdered

hatever happened Calvi's death was immediately followed by some strange happenings. A number of Calvi associates reportedly left Italy for South America and took large sums of money with them. Flavio Carboni, the business partner who had met with Calvi in London said he fled that city the night his colleague disappeared. Carboni was arrested in Switzerland, and Ambrosiano's Nassau attorney says that many millions of dollars, had been transferred to Carboni's Swiss accounts by Calvi some months before the trip to I ondon.

Calvi's demise is among several unsolved mysterics in the Ambiosiano scandal. A number of questions remain unanswered about the Vatican's role in the affair Among them.

- How much of Banco Ambiosiano does the LOR really own? Italian financial sources suggest that LOR ownership is higher than the officially reported 1589% perhaps as high as 10%
 - ▶ What if any was the extent of church officials knowledge of P2' Licio Gelli the lodge master who has gone into hiding was a business associate of Calvis Sindona claims that Gelli had long championed the practice of funding opponents of Communism in order to help the cause of Catholicism
 - ► What is the Vatican bank's liability in the Banco Ambiosiano failure? The I O R could find its creditworthiness undermined if it refuses to help make up the losses Italian officials expect the Vatican to pay part of the debts

Another question that the Vatican must answer if only to itself Should the church's own bank be so deeply involved in the rough-and-tumble of high-risk international finance? Pope Paul VI, feeling that the church should not only be poor, but be seen to be poor moved in 1969 to adopt a lower financial profile in telinquishing the church's controlling interests in Italian companies and infiting more investments outside Italy Through the Ambrosiano scandal, Marcinkus has clearly raised the church's profile

A more interesting question concerns what will happen to Marcinkus High-

The Nervous Banker

is life was a portfolio of contradictions. He distrusted the press, yet dreamed of owning Italy s most important newspaper, and almost succeeded. He disdained politicians, especially leftists, yet proffered loans to his country's Socialist and Communist parties. He was paymaster for the outlawed Masonic Lodge P2 while he was known as "God's banker" because of his ties to the Vatican bank. When Roberto Calvi's body was discovered last June hanging by a rope under London's Blackfriars Bridge, the banker's tangled affairs were soon enveloped in new mysteries.

Paradoxically, Calvi was in many ways a simple man. Born into the uppermiddle-class home of a Milan bank director in 1920, he studied commerce and economics at the prestigious Bocconi University. He served as lieutenant in Italy's Novara Lancers during World War II, joined his father's bank for a short time, then took a low-level job with Banco Ambrosiano in 1947. Quiet, methodical and hard working, Calvi soon became a protége of one of the bank's leading managers. Carlo Alessandro Canesi, and rose with his patron through the hierarchy. He succeeded Canesi as president in 1974.

Calvi worked twelve-hour days at his bank's headquarters on Via Clerici, generally keeping a low profile. He owned houses in Milan and in Chevy Chase, Md, a suburb of Washington, DC, but prized most of all his farmhouse retreat in Drezzo on the Italian-Swiss border. There, with his wife Clara, son Carlo and

daughter Anna, he quietly indulged in his only

known hobby gardening

As he set about turning the Banco Ambrosiano into a sprawling financial empire Calvi s secretive and suspicious nature became apparent to those who dealt with him. He spoke in convoluted, almost unintelligible phrases "It wasn't easy to talk to him, savs one banker "He wouldn't make any attempt to find a common ground He was very cold-blooded' Acutely worried about his safety, he traveled with as many as a dozen bodyguards. He chartered private jets to avoid flying on scheduled airlines, but in the last year of his life he would send an empty plane to his stated destination and hire another aircraft to fly him somewhere else Calvi had more than \$1 million budgeted for his personal security in 1982

Shortly after Calvi was sentenced in 1981 to four years in jail for the illegal export of capital from Italy, he summoned a group of magistrates to his cell and offered to barter information in exchange for his freedom. Even though his proposal was turned down, Calvi decided to talk



Calvi in Rome last December

anyway, perhaps in the hope of earning a more lenient punishment, or maybe just to unburden his troubled soul. He revealed that his bank, despite its history of dealings with the Roman Catholic Church, had supplied substantial loans to the Communist and Socialist parties. At the same time that he was planning to buy into the publishing company that owned the independent daily Cornere della Sera. Calvi said he also lent money to the left-wing newspaper Pueve Sera Calvi denied that he had political motivations for that curious lending policy, and insisted that he was only seeking to take advantage of investment opportunities. "I am too tied up with work to be a politician," he told an interviewer in 1981. But I try to understand others. I have no ideological intolerances.

Last June 11, less than two weeks before his next trial date Calvi fied Italy for London with Silvano Vittor, a new traveling companion and assistant provided by a business associate of Calvi's, Flavio Carboni. In interviews after Calvi's death, Vittor described Calvi's frame of mind as "nei vous, distracted, on edge." Vittor claimed that Calvi recounted his experiences during the war, but otherwise spoke little and spent most of his time locked in his 100m.

Calvi's life ended in contradictions If he did commit suicide, it was an uncommonly public act for such an introverted man Indeed, he went about it in a highly uncharacteristic way. He had to have climbed down a 20-ft ladder to reach the scaffolding. Yet Calvi suffered from vertigo and became severely dizzy at such heights. On the other hand, if Calvi did not commit suicide, then his life ended not so much in contradictions as in mystery, much as he lived it

ranking Vatican sources have already suggested that the archbishop, who has helped organize 22 previous papal trips, will be staying behind when Pope John Paul II travels to Spain next month. The reason is that Vatican officials want Marcinkus around to answer any questions that might arise concerning his role in the Banco Ambrosiano affait

But there may be more to the decision than that Some Vatican officials fear that Marcinkus his subordinates Mennini and De Strobel or all three, might be indicted for their activities in the Ambrosiano scandal There is concern in the Holy See that they could be arrested if they should so much as step outside the Vatican, thus

setting the stage for a legal battle between the church and civil authorities Marcinkus, who normally lives in Rome has been residing in the Vatican since August Mennini and De Strobel also residents of Rome have been living in the Vatican for the past several weeks apparently to keep them out of the reach of Italian authorities until the Holy See 5 own investigation is completed Sources within the Holy See believe that the archbishop's actions have embarrassed the church and that the affair has provided powerful ammunition to his critics in the hierarchy Marcinkus doesn't have many friends in there' said an American cleric in Rome 'He pretty much goes his own way

Whether Marcinkus can continue to go his own way depends to a large extent on the outcome of the various investigations But the ultimate decision about the archbishop's fate rests with the man in whose name one of the inquiries is being conducted. Pope John Paul II The Pontiff may choose not to do anything until the glare of notoriety recedes Even then the lesson of Paul Marcinkus may prove to be nothing more than what well-intentioned clerics have been learning for centuries that trying to serve both God and mammon can be difficult indeed --- By Peter Stoler. Reported by Jonathan Beaty/New York and Barry Kalb/Rome with other bureaus

The Imprisoned Moneyman

ray-haired, pale and immaculate in his neatly pressed prison uniform, Michele Sindona. 62, retains an aura of the multimillionaire banker and financial genius. Now serving a 25-year term in upstate. New York for bank fraud in connection with the 1974 collapse of the Franklin National Bank, Sindona was for years a financial adviser to the Vatican Though he still insists that he was framed in the Franklin affair by powerful Italian state banking interests who would not produce documents that would clear him, he readily admits to being deeply involved in the events that led to the downfall of Banco Ambrosiano and its late president, Roberto Calvi

In a mild, authoritative voice that occasionally erupted into impassioned Italian, Sindona spoke at length with TIME Correspondent Jonathan Beaty, sometimes disputing versions of the story that have emerged thus far and offering revealing glimpses of its protagonists Some of the statements of Sindona, a convicted felon, are at odds with those of church officials, who deny any wrongdoing at all by the Vatican bank or its officers

Sindona contends that he first met Calvi, then a junior executive with Banco Ambrosiano, around 1967. The two agreed that Calvi would act as inside man in a plan to gain eventual control over the bank and make it international Says Sindona "This was the right moment to put Calvi into something important in Italy Our goal was to buy control in Banco Ambrosiano" Sindona says that he first introduced Calvi to Archbishop Paul Marcinkus in 1971, the year the priest became president of the Vatican bank

Sindona strongly denies that he paid Calvi and Marcinkus a \$6 5 million commission as part of a business deal in the early 1970s, as has been widely reported Says Sindona. "I did give \$6 5 million to Calvi, much more than that, but that was to buy shares of Ambrosiano and other stocks None went to Marcinkus unless Calvi gave it to him"

Sindona insists that Marcinkus was "greedy but honest." Sindona explains: "He used the money [I O R. earned] to impress the Pope, to promote himself With me he had every opportunity to propose a deal, to make personal money With me he never even brought up the possibility" But Sindona believed Marcinkus was "incompetent" in choosing Vatican investments "He is a good bodyguard," quipped Sindona, "but no banker"

Why did not Pope John Paul II look more closely into his bank's affairs after the Ambrosiano problems emerged? "John Paul is not a financial man," says Sindona "The people around him were afraid of Marcinkus' power." Sindona claims that Ambrosiano paid the I.O R some \$20 million in fees and interest in 1981 alone

Interestingly, Sindona expressed a critical opinion of his



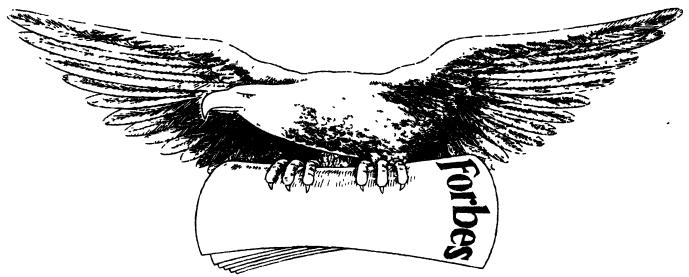
Before his fall, Sindona relaxes in his Manhattan apartment

carefully chosen colleague Calvi, says Sindona, 'had no interests, only money and power He was no good at choosing other people If counts or barons went to him, he was immediately impressed Calvi was known for paying a lot of money in Italy He was too generous He paid enormous fees and commissions, always commissions. You know in Italy you don't stay in the high places unless you corrupt somebody"

Sindona also discussed his involvement with Calvi and other members of the Italian Masonic Lodge P2 in sending Banco Ambrosiano money to Latin America to support right-wing political causes "Calvi financed newspapers for ideological reasons in Buenos Aires and Montevideo Money was given to political parties. But money to dictators and generals was sometimes under the table Calvi feared his trips to South America because the Communists, the Cubans, knew that Calvi with [fellow P2 Members] Gelli and Ortolani were building rightist strength in South America. That was our goal."

Sindona's immediate goals involve fighting extradition to Italy, where he faces charges related to the collapse of his Italian banks. In the meantime, the former titan of international finance, the onetime owner of banks, hotels and construction companies, the cultivated gourmet and patron of the arts, spends his days worrying about whether he will obtain permission to install a bookshelf in his cell

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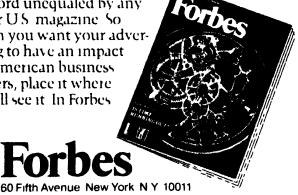
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Before the police attacked Solidarity backers thronging in downtown Warsaw to commemorate the union's beginnings

World

POLAND

Defiance in the Streets

Tear gas and bullets mark Solidarity's second birthday

t was a day of rage violence and bloodshed and it proved again that Solidarity and the spirit the union embodied were far from cowed. In cities and towns across Poland demonstrators turned out by the tens of thousands last week to commemorate the birth in 1980 of the now suspended Solidarity.

Covernment forces responded with barrages of tear gas crippling blasts from mobile water cannons and in the southwestern town of Lubin, a lash of bullets that left at least two workers dead and twelve wounded. Another demonstrator died of bullet wounds in the near by city of Wroclay while a 22-year-old man was found dead following disturbances in Gdansk They were Poland's first fatalities in political demonstrations since Dec 16, when nine striking miners were shot by security forces at the Wujek colhery after the imposition of martial law In the wake of the noting the government announced a major crackdown on all sources of dissent in the country. Said Government Spokesman Jerzy Urban 'Solidarity's extremists played their funeral march on Aug 31

Waisaw's bosses at first tried to dismiss the demonstrations as minor disturbances by bands of rampant youths. But the government's own figures told a different story. Officials announced that 4 050 Poles had been detained and that up to 75 000 in 54 communities had taken part in demonstrations. In addition to the four acknowledged deaths. 148 policemen and 63 demonstrators were reported injured. Although the government insisted.

that the demonstrations enjoyed no wide popular support the world had been given vivid proof of the Polish people's determination to win back the freedoms that were crushed by the military regime of General Wojciech Jaruzelski. Neither side could claim a clear-cut victory in this round. The confrontations seemed likely to continue and to increase.

The demonstrations had been called by Solidarity's underground leaders as a nationwide statement of support for the suspended union. Anxious to avoid a showdown the government had mounted an intensive publicity campaign aimed at keeping people off the streets Officials announced the arrest of underground activists who had allegedly stockpiled crowbars and metal cable to use as weapons Speaking at the graduation exercises of an officers training school in Poznan laruzelski warned that excesses and itresponsible demonstrations would not be tolerated. Just before the scheduled demonstrations the management of several major Warsaw factories played tapes of one of Lech Walesa's moderate speeches followed by a commentary on how extremists had taken over the union On the afternoon of the Solidarity anniversary the state television even scheduled a replay of the now legendary soccer match in July when Poland eliminated the Soviet Union from the World Cup competition

The government campaign seemed at first to have succeeded an eerie calm settled over most of Poland's cities on the morning of the demonstrations. By mid-

afternoon however groups of protesters had begun to gather. In Odansk, the Ballic scaport where Solidarity was born two years ago 4,000 employees filed out of the Lenin shipvard to lay flowers on a towering triple-spited memorial to workers killed in the 1970 riots. Police and soldiers ringed the monument to prevent other demonstrators from joining the workers. Suddenly, the paramilitary police force known as ZOMO folled toward the monument in three columns of Jeeps armored personnel carriers and mobile water cannons firing hundreds of tear-gas grenades into the crowd.

Street skirmishes flared for the next eight hours. Some of the demonstrators who built barricades of benches and trash bins attacked the ZOMOS with rocks slingshots and Molotov cocktails that turned at least two police vans into smoldering hulks. By the time the struggle quicked down around midnight, the streets of Gdansk were littered with bro-

ZOMO forms a phalanx in Gdansk





After the tear gas was fired: Warsaw protesters running for cover as authorities begin to disperse the crowds

ken glass paving stones and empty teargas canisters

An even bigger demonstration took place in Wroclaw where up to 20 000 people turned out in the face of a formidable array of police and army units According to one report, the authorities had sent some 15,000 extra police troops to Wroclaw in anticipation of major trouble The main battle started in front of the city opera house. As in Gdansk demonstrators erected barricades and hurled Molotov cocktails at police vans setting at least one on fire. Some residents even dropped flowerpots and bottles from their windows on passing ZOMO troops

In Warsaw about 1 000 demonstrators gathered on Constitution Square and began marching toward the monolithic Stalin-era Palace of Culture and Science in an effort to link up with another group Police moving in to break up the crowds were greeted with shouts of Gestapo" "Solidarity' and We want Lech!'-a reference to Lech Walesa the detained leader of Solidarity

By far the bloodiest clash erupted in

Lubin when a squad of policemen were confronted by enraged demonstrators, who allegedly hurled tocks and gasoline bombs. After firing blanks as a warning the police unleashed a volley of lead Officials reported two deaths, although some local witnesses put the total at five Tollowing the rioting a strict curfew was clamped down on Lubin and six other towns and cities. I ubin protesters, however, skirmished with police for two more days burning at least one building to the ground

he government reacted to the disturbances with strong hints that Solidarity might soon be banned outright. Government Spokesman Urban told foreign reporters that the entire leadership of Solidarity cannot be considered as worthy partners for negotiations' From now on he said the regime would plead its case directly with the workers whose hearts and minds "he claimed were now closer to the government's policies than to Solidarity's leaders, including Walesa

Urban also announced that four

members of the dissident group known as the Committee for Social Self-Defense (KOR) had been charged with both preparing to change Poland's political system by force and engaging in activities toward that end Maximum penalty for the first offense is ten years for the second death The four detendants who have been in detention since Dec 13 were officially arrested and believed to have been taken to high-security prisons. In addition, several dozen underground union members were arrested on the eve of last week's upheaval Among them was Zbigniew Romaszewski, thought to be the leading figure behind Radio Solidarity

The military council also warned that the demonstrations had endangered the possibility of suspending martial law by the end of this year "That came as no surprise. When a regime is opposed by a majointy of its subjects, whose trust it has betrayed the government is condemned to rule by force General Jaruzelski hardly needed last week's events to teach him - By Thomas A. Sancton. that lesson Reported by Richard Hornik/Warsaw

Clouds of gas engulf marchers who gathered in the capital



A demonstrator masked against the fumes





In the final days of the evacuation, a convoy of Syrian armed forces leaves West Belrut en route to the Bekaa Valley in eastern Lebanon

MIDDI F LAST

End of the Beginning

One down, many problems to go, with the exodus of the PLO

s of today, declared Lebanon's Prime Minister Chafik al Wazzan, "there is no East Beirut and no West Beirut" Of course there were still two Beiruts one Christian, one Muslim, the first largely spared the summer's fighting, the other pocked with rubble But last week as the twelve-day evacuation of the Palestine Liberation Organization from West Beirut was completed with surprising ease 48 hours ahead of schedule, there were signs that life was beginning to return at last to the capital city

The blace of auto horns replaced the bark of gunfire Lebanese police, backed by soldiers, took over the streets of West Beirut, while the Lebanese army returned to barracks that it had not occupied for five years As soldiers under the protection of French Foreign Legionnaires cleared away earthen barricades, the Sodeco crossing point between East and West Beirut was opened for the first time since 1978 It was quickly closed, however, when sniper fire from members of a small militia group, Partisans of the Revolution, caused a halt in traffic. But an hour later the leader of the group, Moustafa Turk, went to Prime Minister Wazzan's office to deliver a bouquet of flowers and an apology There had been, he said, a "misunderstanding" by some of his men

Nobody yet knew, or indeed might ever know, how many people had died in the ten-week battle of West Beirut Lebanese government and hospital sources said last week that more than 17,000 Lebanese and Palestinians had been killed in the country as a whole since the invasion began The Israelis

claim this figure is greatly exaggerated

There were no illusions about the fragility of the prevailing calm or the problems that still remain to be solved in the war-toin land Grudge fights between Christians and Muslims caused several deaths illustrating the difficulties President-elect Bashir Gemayel former leader of the Christian militia forces, faces when he tries to pull together a country of feuding sects. On Wednesday, Gemayel had a secret meeting with Israeli Prime Minister Menachem Begin Later, a French sol-

Arafat setting sail for Greece



dier attached to a United Nations unit was killed by sniper fire outside the city A Syrian MiG-25 jet fighter was struck by an Israeli missile and crashed into a northern suburb In eastern Lebanon Syrian and Israeli armies still confronted each other Though both sides said they hoped to avoid all-out war, each vowed it would not depart until the other left

After rumors had spread for several days that he had already left Lebanon, PLO Chairman Yasser Arafat sailed Monday for Greece In an emotional farewell, he told a crowd of well-wishers "I am leaving this city but my heart will always be in Beitut' Arafat was warmly greeted by Prime Minister Andreas Papandreou, whose government has strongly supported the PLO Indeed, the Greek government welcomed Arafat with considerably more flamboyance than it accorded French President Francois Mitterrand, who arrived the same day for a state visit On Friday, Arafat flew to Tunis, where he may set up new headquarters. This week ne is expected to attend the Arab summit conference in Fez Morocco

By the time the exodus was complete. more than 11,000 Palestinians had been evacuated from Lebanon and 3,625 Syrian soldiers had been moved by convoy from West Beirut to the Bekaa Valley in eastern Lebanon When US Marine headquarters in Beirut was informed on Wednesday that the last chartered ship, the Mediterranean Sun, had received clearance from the Israeli navy to sail for the Syrian port of Tartus with 700 Palestinians, the Marine operatori replied, "OK, well done Now let's go home "That afternoon US Defense Secretary Caspar Weinberger announced in Beirut that the Marines would be leaving the Lebanese capital within a few days Mission accomplished -By William E. Smith. Reported by Robert Slater/Jerusalem and

Roberto Suro/Beirut

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Interim consolidated balance sheet as at 30th June, 1982

30th Junc				30th Ju	inc
Assets	1982 USS 000	1981 US\$ 000	Liabilities	1982 US\$ 000	1981 USS 000
Cash balances and advances to banks Bank certificates of deposit Precious metals? Linancial paper	5,174,177 1,519,602 154,487 2,133,563	3,891,958 928,621 88,495 1,911,208	Deposits, balances due to customers and inner reserves Accrued interest payable Other liabilities	12,035,995 198,790 96,416	9,190,534 165,937 126,817
Government and municipal bonds (USA and UK) Floating rate bonds Other bonds and securities Customer current accounts and advances Investments Lixed assets Accrued interest receivable	401,456 752,750 831,841 1,681,238 30,701 108,019 237,392	387,106 416,029 458,881 1,843,234 17,106 87,938 184,415	Capital and loan funds Loan funds due from one to two years from two to five years trom five to fifteen years over fifteen years Minority interests Shareholders funds	2,674 61,089 216,035 149,685 263,389	10,441 17,482 217,946 116,105 172,650
Other assets Net position unhedged by net forward sides 1982 USS 1-832,000 1981 USS 3,977,000	98,100	146,718	Share capital Reserves Total shareholders funds Iotal capital and loan funds	24,834 374,419 399,253	24,810 318,960 343,770
1981 figures have been restricted to conform with 1982 presentation	13,423,326	10,361,712	employed I etters of credit, acceptances and guarantees	1,092,125 13,423,326 492,410	878,391 10,361,712 513,165

Net profit for the 6 months ended 30th June

		1-701
Net earnings after taxes, minority interests and transfer to inner reserves (US\$ 000)	38,104	36,340
Earnings per share	US\$ 2 30	US\$ 2 20
Average number of shares outstanding during the period	16,556,000	16,519,600

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tarv mowers, balers, beet harvesters, cotton harvesters, liquid manure spreaders, cultivators, back-

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PAKISTAN

Allies at Arm's Length

⁷1a's regime faces up to a difficult friendship with Washington

ne hundred lashes for adulterers Dancing and alcohol forbidden choolgirls required to cover their heads and drape their bodies in long robes called chadors. That litany of Islamic strictures. adopted by the Iranian regime of Ayatullah Ruhollah Khomeini, has become the law of the land in Pakistan After seizing power through a military coup five years ago President Mohammed Zia ul-Haq has used martial law to transform his country with breathtaking speed into a fervently Islamic fundamentalist state Unlike Iran's active dissidents few of Zia's 84 million compatriots seem to object to the harsh code of behavior. Says a US analyst Like Mom apple pie and the flag for Americans the Islam campaign is hard for any Pakistani to disagree with

Zia's religious crusade is gathering momentum at a time when his country has acquired special importance for the Reagan Administration as a front-line bulwark against the 100,000 Soviet troops in Afghanistan To bolster Pakistan's defenses. Washington has agreed to a \$3.2 billion program in military and economic aid. Yet that costly new alliance has become jeopardized by growing suspicion in the US Congress (which has yet to approve the aid package) about Zia's brand of Islamic dictatorship and Pakistan's equally vociterous criticism of American policy in the Middle East

Lager to allay US concern about his authoritarian measures. Zia has been trying to refurbish his image. I am not against democracy and I am not against elections he told the first session of his hand-picked Majlis-i-Shura (consultative council) last January We should evolve a democratic system here that is free from all past defects. Nonetheless. Zia has displayed no desire to deviate from what his opponents and even some supporters, claim is his long-term vision for the country a rigidly dogmatic Islamic state that outlaws secular political parties

Zia's basic strategy say Western diplomats is to eliminate the old political parties in particular the most popular of them, the Pakistan People's Party The PPP is led by the family of his old nemesis, former President Zulfikai Ali Bhutto the man Zia overthrew Bhutto was hanged in 1979 for crimes against the state Observers believe that if elections were held today, the PPP would capture most of the votes Keenly aware of Bhuts lingering charisma. Zia has refused to ulfill his frequent promises to provide fice and open elections. The people are tot ready for elections, the President maintains. The military government, he believes, is protecting an illiterate population from exploitation by political demagogues

Zia castigates the PPP and other po-



President Mohammed Zia ul-Haq



Afghan refugees at camp near Peshawar Hoping for billions in US aid

litical parties as elitist and contends that democracy "should grow from below. He is seeking to establish a system of local ad ministrative bodies that will produce his spokesmen claim, the country's politicians of the future Most Pakistanis however seem resigned to continued martial law, at least for the time being

While responding to public pressure at home to stage elections. Zia is also bent on satisfying his foreign critics, if only to ensure the future flow of foreign aid. That assistance is largely tied to Pakistan's crucial geopolitical role. With the Soviets hovering in Afghanistan to the north a chaotic Iran to the west and a hostile India to the east. Pakistan has traded on its access to the Arabian Sea to the south in order to shore up alliances with China and the US

For his part. Zia is alraid that the Reagan Administration seems eager to embark on warmer relations with his bitter foe Indian Prime Minister Indira Gandhi She was offered a lavish welcome two months ago when she paid her first visit to the White House in more than a decade Despite US reassurances that such overtures to India did not reflect a downgrading of relations. Pakistanis remain highly apprehensive about India's military power and the possibility that a more neutral US stance could encourage India and the Soviet Union to put military pressure on their country

A weak economy however makes Pakistan heavily dependent on Western aid Even though Zia has achieved an annual growth rate of about 6' , since taking power, the country has been badly drained by costly oil imports and low world prices for commodities like rice and cotton. The arrival of 2.7 million. Afghan. refugees since the 1979 Soviet invasion has compounded water and land shortages afflicting many poor Pakistanis in the north. Though infusions of foreign money for the uprooted Afghans have helped prop up the economy the refugee program is plagued by corruption

For all its dependence on U.S. patronage Pakistan still wishes to keep Washington at arm's length. Zia's Islamization program has reinforced in Pakistani minds the conviction common in the Islamic world that the US was behind the Israeli invasion of southern I chanon. The program has also nurtured a stronger Pakistani commitment to playing a leading role in the nonaligned movement and the

39-nation Islamic Conference

Still, no problem Zia faces with the US is as unsettling as having the Soviet army on Pakistan's northern border American aid is considered essential in order to counter the threat from the USSR American support for Israel has not made that aid easier for Zia to swallow So far Zia's realism has prevailed How much longer it will last is anyone's guess for the anti-Americanism in the country at large is running even deeper than it is in the upper reaches of the Zia ---By William Drozdiak government

Reported by Marcia Gauger/Islamabad

A Season of Discontent

Pretoria tightens the reins, but the economic outlook is gloomy

ow much more must the longsuffering consumer endure' complained the Johannesburg Citizen, a progovernment daily Thundered the liberal Rand Daily Mail "Uncaring insensitive and callous' Chimed in a top South African retailing executive' Totally crary" Those pained outcries against the government of Prime Minister PW Botha came last week as the second hike in South Africa's general sales tax since I chruary hit dismayed citizens

The measure was part of Pretoria's stringent efforts to control the recession that has gripped the South African economy over the past twelve months. The overall 50% tax increase struck hard at the country's already beleaguered consumers especially poor blacks and coloreds and brought into the open an already widespread discontent with the tightening austerity program.

Yet there is little question that it is needed South Africa's once booming economy which posted an 8% growth rate in 1980 has fallen to what many consider its lowest ebb since the 30s Buffeted by worldwide recession and price fluctuations in key export markets, particularly gold the Botha government has watched as a \$3.7 billion balance of payments surplus in 1980 has plummeted to an expected \$4 billion loss this year Inflation which reached a post Depression high of 165' c earlier in the summer is still at a painful 144'. Unemployment in a country that suffers from a severe shortage of skilled labor is officially 7% but unofficial sources put the figure at closer to 20'r The Botha government has responded with tough measures designed to hold down spending encourage savings and bolster hard-pressed industries. Even so South African businessmen and financial experts are battening down for a siege that could last into 1984

If there is any single culprit responsible for South Africa's economic malaise, it is the price of gold. The country's gold mines, which produce some 70% of the non-Communist world's supply of gold and account for approximately 40% of the country's export earnings are acutely sensitive to shifts in the international gold market. In 1981, when the price of gold reached \$602 per oz on the London market gold exports alone accounted for earnings of \$2.4 billion. Currently, with the price of gold hovering around \$400 per oz, the Botha government has budgeted for gold earnings of only \$774 million.

According to Gerhard de Kock the respected governor of South Africa's Reserve Bank, high interest rates and a stable dollar have reduced South Africa's net gold output from about \$13 billion two years ago to an expected \$7 billion this year a drop of about 45%. In addition, stagnant markets for other South African



Gold bars at mine in Carltonville

exports such as diamonds chrome manganese corn and sugar have also contributed to the economic deterioration. In an effort to boost export earnings, the government has devalued the South African rand by 36% since February 1981, from \$1.35 to 86c. Despite that drastic action, the central bank has been forced to increase its foreign borrowing from zero at the end of 1980 to \$1.1 billion as of March to help offset the shortfall

The Botha government has also moved quickly to cool off the overheated economy by curbing spending and raising additional revenues. Along with the increased sales tax Finance Minister. Owen Horwood earlier this year increased the tax surcharge on gold- and



Minister of Finance Owen Horwood

Blacks will bear the heaviest burden

diamond-mining profits imposed a 40% investment levy on life insurance companies (up from $30^{c_{\ell}}$) and slapped a $20^{c_{\ell}}$ to 30' duty on nonessential goods such as imported radios and appliances. New tax tables went into effect in July that will raise additional revenues from South African wage earners. This month the interest rate on home mortgages jumped 1% to a prohibitive 16 25% Defense spending has been curtailed. It is slated in this year's budget to increase by only 8% less than enough to keep pace with inflation by reducing the number of training camps cuitailing air force flying time and cutting back administrative costs Minister of Transport Hendrik Schoeman, for his part discontinued some passenger-train services and hiked fares from 9% to 15% on airlines, trains and buses in all the government measures are designed to balance the budget by the end of the fiscal year

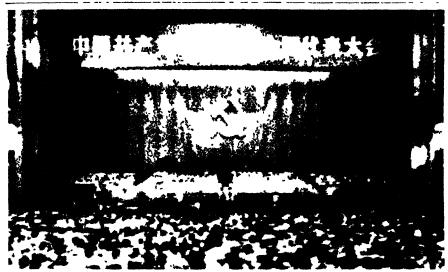
The recession is taking a heavy toll in ' industry. Layoffs have already begun in auto companies as some plants cut back to four-day weeks. Ford announced last month it was curtailing 507 jobs at Port Elizabeth Uitenhage Volkswagen laid off 316 workers last spring. In July. Nissan Motors put 1 500 workers on part time The ailing mining industry which received \$30.9 million in government aid last year (compared with \$1.9 million in 1980) has been plagued by labor untest Some companies like Kloof and West Driefontein have retaliated by dismissing several thousand miners since the beginning of the year most of them members of increasingly powerful, and restive black unions

South Africa's 20 million blacks who make up 72.5% of the population and are not allowed to vote under the apartheid system are certain to bear the heaviest burden of the antirecession program. Officially unemployment among blacks is now 8% a figure that does not include the approximately 6.4 million blacks currently living in South Africa's six quasi-autonomous homelands. Legislation to further restrict the movement of unemployed blacks into white urban areas where the jobs are is awaiting action.

Reforms planned by the Botha government to increase education housing and welfare are at best woefully inadequate Pretoria has earmarked \$284 million this year for housing for example, less than half of the estimated \$662 million needed to ease the shortage of housing for blacks. In an economy that sorely needs skilled labor, blacks are still discouraged from receiving university-level technical educations Many economists feel that South Africa needs a growth rate, of at least 45% to stay even with the employment needs of an expanding black population With a projected growth rate this year of less than $2^{\epsilon_{\ell}}$, the willingness of many South Africans to make the necessary economic sacrifices to build it back up will be sorely tested ---By Russ Hoyle.

Reported by Marsh Clark/Johannesburg

World



Opening session of the Twelfth Communist Party

CHINA

Looking to 2001

Congress shuns past leader

he usual portrait of Mao Ise-tung was nowhere in sight as China's Community and National nist Party opened its Twelfth National Congress last week in Peking's Great Hall of the People. The old slogans proclaiming class struggle and world revolution were missing and no bands played The Fast Is Red a paean to Mao frequently sung during the Cultural Revolution Instead the congress China's first since 1977 was a celebration for Vice Chairman Deng Xiaoping 78 who since his rise to power after Mao's death in 1976. has urged the country to replace Mao's revolutionary tenets with more pragmatic and moderate ideas As Chairman Hu Yaobang 67 told the 1 700 delegates

The party has absolutely broken the fetters of dogmatism and personality cult

I he diminutive Deng greeted delegates by calling last week's gathering the party's most important meeting since the Seventh National Congress' of 1945 which confirmed Mao's undisputed leadership. Deng promised a continuation of the open-door policy China has been pursuing in the past four years Said he "We should learn from foreign countries and draw on their experience 'Deng also issued China's traditional warning that it would 'firmly resist corrosion by decadent ideas from abroad and never permit the bourgeois way of life to spread in our country

Deng has come a long way since Mao's death Considered a capitalist oader, 'he was in political limbo during host of the last decade of Mao's rule But Deng shrewdly turned the tables on his feftist adversaries after Mao's widow and her followers, known as the Gang of Four, were arrested in 1981 he maneuvered to have Mao's successor. Hua Guofeng, demoted to a vice chairmanship while Deng's protegé Hu became chairman

Io consolidate his grip Deng has asked the congress to change the party's constitution. His aim is to weaken and maybe abolish the 23-member Politburo which is still burdened by Mao loyalists Deng would strengthen the Secretariat of the party's Central Committee a smaller and less unwieldy body which is already staffed by Deng proteges For the oldtimers including Deng himself and Vice Chairman Marshal Ye Jianying (an octogenarian who needed a nurse to wipe his face as he salivated on the dais last week) Deng expects the party to create a new Central Advisory Commission of elder statesmen to oversee the day-to-day leadeiship of Hu and Premier Zhao Ziyang If Deng succeeds he will have stagemanaged a remarkably smooth transition of leadership for a Communist country

In a four-hour report to delegates Chairman Hu declared that China's top priority for the remainder of the century was economic modernization. Brimming with confidence, he called for the quadrupling of China's gross national product to \$1.4 trillion by the year 2000 (The US's current GNP \$29 trillion) Although China's economic system will remain socialist. Hu urged greater reliance on foreign technology and market mechanisms One capitalistic idea known as the responsibility system' already allows peasants to increase their pay by doing extra work and allows farmers to keep or sell production in excess of assigned quotas Citing broad popular support for the scheme. Hu called for its continuation

To some delegates, all the talk about economic modernization had an ominous sound since Hu and Deng are believed to be preparing a broad shake-up of the party leadership throughout China in the name of modernization. As one party stalwart explained, 'About 10' c of the membership is no longer up to the grade. That could spell trouble for some 39 million party functionaries and officials who in Deng's view, have failed to support his ambitious dream of a stable and modern China

ESPIONAGE

Rumanian Sting

Plenty of cloak, but no dagger

one morning last May, exiled Rumanian Writer Virgil Tanase 36 left his Paris apartment for a rendezvous in the Luxembourg Gardens He never got there As startled passers-by looked on, Tanase was shoved into a car and spirited away Since the missing writer had been an outspoken critic of Rumanian President Nicolae Ceausescu, human rights groups immediately blamed the Rumanian secret police French President François Mitteriand warned that Tanase's disappearance could seriously affect 'relations between the two countries and he postponed a visit to Rumania

In a plot worthy of Spy Novelist John Le Carre Tanase turned up last week, alive and well after hiding out in Brittany, a key player in a I rench counterespionage scheme that reportedly involved the Elysee Palace It all began last April when a Rumanian intelligence colonel, who had spent eight years in I rance gathering sensitive industrial data turned himself in to French authorities. The agent, Mater Haiducu 45 told officials of the Direction de la Surveillance du Territoire (the French secret service) that he had been ordered by Ceauşescu to kill Tanase and a second dissident writer, Paul Goma 45 If the DSI would protect his cover long enough for him to bring family members out of Rumania Haiducu promised he would tell all about his checkered past

With the help of his intended victims,

the Rumanian double agent set out to deceive Bucharest with a bit of cloak if not dagger For the benefit of secret-police comrades who had been sent to watch him Haiducu followed through on an elaborate plan to kill Goma During a cocktail party he used a specially made fountain pen to squirt a toxic chemical into the writer's drink But Matel Haiducu a French agent acciden-



tally" jostled Goma's arm spilling the poison Since Haiducu could not fail on his second mission the attack on Tanase had to be even more convincing. This time French operatives played the part of hired thugs and faked a kidnaping Mitterrand's press-conference plea added the crowning touch

The charade worked brilliantly Haiducu was able to return to Rumania and arrange for the departure of all but one of his family Indeed days before the spysting story broke in the Parisian press newspapers in Bucharest reported that he had officially been commended for outstanding public service

United States

Reagan's "Fresh Start"

A bold try to reconcile Israel's security needs and Palestinian rights

o area of the world is more torn by strife more poisoned by age-old hatreds more strewn with the seeds of potential superpower conflict than the Middle East And yet nowhere are there brighter chances for creative US diplomacy to put an end to incessant bloodshed and lead the way to peace. The greatest opportunity of all has arisen paradoxically, from the death and destruction of the war in I chanon which has upset political allegiances and power structures. Last week President Ronald Reagan launched a bold and ambitious initiative to seize the historic moment.

Speaking on national television shortly after the last guerrillas of the Palestine Liberation Organization left Beirut, the President looked far beyond Lebanon to call for a fresh start on ministering to the most serious of all the Middle Last's festering sores the status of the Palestinian people, especially the 13 million living in the Israeli-occupied West Bank and Gaza Strip Reagan dropped the former US role of anxious and often baffled mediator to outline an American plan for progress toward a settlement setting out some firm U.S. guidelines while leaving the Arabs and Israelis plenty of room for their own negotiations. Its essence Palestinian self-government in associa-

tinian self-government in association (presumably some kind of loose federation) with Jordan which ruled the West Bank from 1949 to 1967. Reagan called upon Israel to halt any further Jewish settlement in the occupied areas and to prepare for eventual withdrawal from most though not all of the territories. With equal force Reagan called on Arab states to recognize explicitly Israels right to exist as a nation. He flatly rejected an independent Palestinian state constructed out of the West Bank and Gaza.

Reagan's plan could take years of patient diplomacy and negotiation to bring to fruition if in fact that can be accomplished at all. Prime Minister Menachem Begin denounced the plan as an affront to Israel in an emergency session his Cabinet unanimously agreed that on the basis of these proposals. Israel will not enter into any negotiations with any party whatsoever. 'U'S officials expected that initial negative reaction they hope that Arab interest in the plan as the basis for negotiations and internal debate within Israel will eventu-



The President: revising until delivery

ally soften Begin's hard-line stand. There was little public comment from Arab leaders most of whom will meet at a summit this week in the Moroccan city of Fe? The Arabs who have formally designated the P.L.O. as the sole legitimate representative of the Palestinian people can hardly endorse. Reagan's Jordanian option without much painful soul searching.



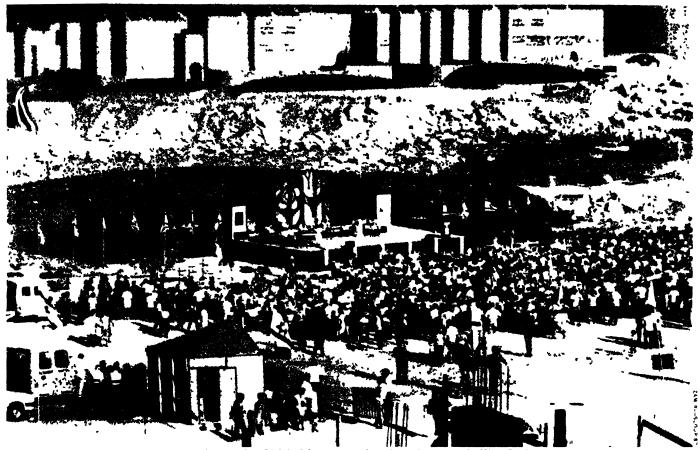
At the very least Reagan has belatedly answered critics who contended that the US had no Middle East policy but was merely letting events drift. White House aides now concede that the President privately agreed with that accusation and began pressing his subordinates as early as May to come up with some tresh ideas. The effort made little headway while the staunchly pro-Israel Alexander Haig was Secretary of State Haig resigned in late June by then the Israeli invasion of Lebanon had both diamatized the explosive potential of the Middle East and smashed the military power of the PLO thereby altering power relationships

Haig's successor the coolly pragmatic George Shultz organized what was in effect a series of seminars on Middle Fast policy. Some involved Reagan and his top staff others brought the Administration's diplomats together with outside advisers prominently including former Secretary of State Henry Kissinger. Officials even sought the views of Middle Fast experts from the Carter Administration. Reagan approved the ideas they were formulating at a Camp David meeting in mid-August Larly last week letters from the President describing the new American proposals

were being delivered to Israel Egypt Jordan and Saudi Arabia

Reagan who was on vacation at his ranch near Santa Barbara Calif woke up Wednesday morning not knowing that he would be delivering the most important foreign policy address of his Administration on IV that very night. But his letter to Begin had prompted the Israeli Prime Minister to cut short a vacation of his own at Nahariya a resort in northern Israel and call a special meeting of the Israeli Cabinet for Thursday on receiving Reagan's letter from US Ambassador Samuel Lewis Begin exclaimed. It is the saddest day I have had since becoming Prime Minister. Fearful that the Israelis might leak their one-sided interpretation of the proposals before Reagan had a chance to define them for the American public aides persuaded the President to deliver at once a speech he had not planned to make until Thursday at the earliest

There ensued several hours of what one White House adviser described as chaos While a text that had been in preparation for two



Target of a freeze. dedication ceremonies last week at Ma'ale Adumin, a new Israeli settlement in the West Bank

weeks was transmitted to the President White House aides bounced the cast of Mama Malone out of a studio in Burbank Calif where episodes of the new situation momedy were being filmed so that Reagan could take over Rehearsing ha an hour before air time the President recalling an earlier TV series of which he had been the host cracked up his staff by looking into the cameras and announcing. Welcome to Death Valley Days

hough Reagan and aides tinkered with the text until a few minutes before the President started speaking for real none of the patchwork showed. The speech was as well crafted and lucid as any that Master Speechmaker. Reagan has delivered.

The President began by noting that today has been a day that should make us proud. It marked the successful completion, ahead of schedule and without significant incident of the US-mediated PLO evacuation from Beirut and meant that we can now help the Lebanese rebuild their war-torn country but he said putting Lebanon back tegether should be only a start "We rust also move to resolve the root causes of conflict between Arabs and Israelis He identified the most troublesome root as being the 'homelessness of the Palestinian people,' coutheir demands for a homeland would give birth to a contiguous Soviet-dominated terrorist nation bent on destruction of the Jewish state Said Reagan. The question now is how to reconcile Israel's legitimate security concerns with the legitimate rights of the Palestinians.

Under the Camp David accords hain-



pled with Israeli fear that fulfilling Begin on his way to emergency Cabinet meeting

mered out by Israel Egypt and the U.S. in 1978, that reconciliation was supposed to be accomplished by Israeli-Arab negotiations aimed at granting some form of self-government to the Palestinians of the West Bank and Graza during a five-year transition period. The final status of the ter itories was to be determined by further

negotiations that would not begin until the autonomy arrangements were 'in effect. So fai however the autonomy talks have been supported in the 'Arab world only by I gypt, and even the Lgyptian-Israeli negotiations have been suspended since April

Reagan implied that it is up to the US as the only nation in a position to deal with the key parties to the conflict on the basis of trust and reliability," to break the impasse To doso he recognized Washington can no longer confine itself to the role of mediator. It has become evident to me that some clearer sense of America's position on the key issues is necessary.

The President first made clear what the US would not accept One was the opening of any more Jewish settlements in the West Bank and Gaza Since 1967 Israel has established roughly 100 settlements in those territories housing about 30 000 people Arabs fear that the purpose of the settlements is to tie the territories so closely to Israel that they can never be detached Said Reagan 'The immediate adoption of a settlement freeze by Israel more

United States

than any other action could create the confidence needed for wider participation in these [autonomy] talks

Reagan also declared bluntly that the United States will not support the establishment of an independent Palestinian state in the West Bank and Gaza and we will not support annexation or permanent control by Israel As for the final status of the territories Reagan asserted in perhaps the most significant sentence of his address. It is the firm view of the United States that self-government by the Palestinians of the West Bank and Gaza in association with Jordan offers the best chance for a durable just and lasting peace. He called specifically on Jordan and representatives of the Palestinians (though obviously not the PI O) to join a new round of autonomy talks with the support of their Arab colleagues

ully aware that he was asking the Begin government to take steps it would surely reject the President filled his talk with more than the usual number of reassurances about American concern over Israel's legitimate needs for security. At one point he made a fairly standard statement that America commitment to the security of Israel is ironclad. Then came seven words that he had penciled into the speech text himself. And I might add so is mine.

The President said that his proposals imply eventual Israeli withdrawal from most of the West Bank and Gaza. But he also suggested that Israel might keep some portions of the territories to retain defensible borders. Recalling that before 1967, the bulk of Israel's population lived within artillery range of hostile Arab armies. Reagan asserted. I am not about to ask Israel to live that way again."

The speech marked a long move away by Reagan from his previous instinctive sympathy for Israel and his hesitancy about opposing any of its policies publicly. Advisers agree that two things converted the President to the view that he had to become more assertive with the Israelis the nightly TV pictures of the civilian carnage in Lebanon and his experiences in dealing by cable and telephone with Begin during the Israeli siege of West Benut. One aide recalls the President exclaiming. That man makes it awfully hard for us to support them.

Reagan began pressing Shultz for a fresh Middle East policy even before the new Secretary of State was officially installed On July 14 the day before his confirmation by the Senate Shultz met with the President and National Security Adviser William Clark in the Oval Office Said Reagan This is a moment when we should be really working on these issues and not allow ourselves to be totally consumed by what's going on in Bettut important as that is So, get with it. One of Shultz's first moves was to solicit ideas from a specially summoned nanel of outside experts headed

The Uses and Abuses of Ambiguity

even as the ink was drying on the "Framework for Peace" that was part of the Camp David accords, euphoria over the breakthrough was being tempered by disagreements over precisely what was, and was not, included. The document's strength was also the root of its weakness' the artful use of constructive ambiguity allowed each signatory to proclaim agreement while holding different interpretations of what the words really mean

In some instances, those diverging views are spelled out in letters that accompany the text signed by Israeli Prime Minister Menachem Begin, Egyptian President Anwar Sadat and President Jimmy Carter on Sept 17, 1978 For example, Sadat and Carter, in separate letters, stated their views that predominantly Arab East Jerusalem is part of the West Bank In his letter, Begin said that Jerusalem is an indivisible city and the capital of Israel

Begin has taken a rather legalistic approach to the text, and this formed the basis of Israeli complaints last week that Reagan's plan violated the Camp David accords Administration officials emphatically disagree Among the charges and countercharges

Status of East Jerusalem. Reagan urged "participation by the Palestinian inhabitants of East Jerusalem in the election" of a self-governing authority for the



Sadat, Carter and Begin at Camp David

West Bank and Gaza The Israeli communiqué says that Jerusalem is not mentioned in Camp David and that such voting would in effect lead to its repartitioning True, Jerusalem is not cited in the accords, but the accompanying Egyptian and American letters clearly indicate that two of the parties do not acknowledge Israel's authority over the entire city

Settlements. Reagan called for "a real settlement freeze" Carter thought that Begin had verbally agreed to this and would put it in writing In an interview with TIME

the week after Camp David, Begin insisted "I didn't give such a commitment" He eventually sent Carter a letter pledging a three-month freeze, Carter rejected it and called future settlements "illegal" Said Carter last week "My understanding of what Begin promised was very clear There would be no new settlements"

Full Autonomy. Reagan in his letter to Begin defined this phrase as giving "Palestinian inhabitants real authority over themselves, the land and its resources" Israel argues that the phrase means giving Palestinians the right to govern themselves, but not authority over the land and resources of the West Bank and Gaza. The meaning of "autonomy" was deliberately left undefined in the accords. According to U.S. participants in the talks, Camp David envisioned a transfer of authority linked to resolution of Israel's security concerns. Says an Egyptian official "Whenever we had a difference of opinion in the autonomy talks, the Israelis would raise the issue of security"

Association with Jordan. Reagan proposed "ties between the West Bank, Gaza and Jordan" as a method for achieving a durable settlement Israel says that Camp David makes no reference to this approach. Indeed, the accord leaves open to negotiation the final status of the territories, but the document explicitly states that "Jordan will be invited to join the negotiations on the basis of this framework"

Sovereignty. Reagan ruled out "Israeli sovereignty or permanent control of the territories" Israel responds that nothing "precludes the application of Israeli sovereignty over Judea, Samaria [Begin's preferred biblical names for the West Bankl and Gaza" Camp David addresses the issue indirectly by incorporating United Nations Security Council Resolution 242 "in all its parts" Unanimously adopted after the Six-Day War of 1967, it refers to "the inadmissibility of the acquisition of territory by war," and calls for the "withdrawal of Israeli armed forces from territories occupied" and the right of all nations in the region to "secure and recognized boundaries"







Three Arab leaders whose approval is crucial, left to right: King Hussein of Jordan, King Fahd of Saudi Arabia, President Mubarak of Egypt

by Kissinger in a daylong meeting Within the Government, Shultz put together a balanced team of subordinates Robert McFarlane Paul Wolfowitz Nicholas Veliotes Richard Fairbanks and Lawrence Eagleburger. They developed a consensus that Shultz outlined to Reagan and his top White House staff during a three-hour chicken-salad lunch at Camp David on Saturday Aug. 14 One participant recalls that Shultz reading from four or five pages of notes on a yellow legal pad was in quiet control of the meeting the President accepted his ideas with little disagreement. Further meetings refined the plan and the last act in the backstage drama occurred two weeks rigo when Shultz secretly summoned Ambassadors Alfred Atherton and Richard Murphy from Cairo and Riyadh to Washington. They returned to their posts last Monday carrying Reagan's letter

The result was a speech that for all its expressions of sympathy clashed with Israeli policy more openly than any other US initiative since the Lisenhower era The specific ideas in it were not new indeed they almost mirror the expert consensus on the necessary and the possible that has evolved in recent years. But the President went further than any of his predecessors in embracing a broadly defined concept of Palestinian autonomy as a goal that the US should promote His view that the West Bank and Gaza should be linked to Jordan was another proposal that the US had not adopted officially before both Carter and Reagan had previously declined to suggest what the final status of those territories should be

Most important perhaps by the very act of delivering the speech Reagan who wed that he now realizes the success of a ly new Middle East policy requires his personal supervision—and the power of the office behind its execution Says Joseph Sisco who was a high State Department official under Nixon and Ford 'A visible US presence is the key to progress The substance of Reagan's speech was good, but his personal involvement

is more than good it is essential Just how essential a direct and continuing presidential involvement is likely to be was illustrated by the reaction of the Begin government The Israelis were caught unaware by Reagan's plan they had expected the next US move in the Middle East to be a proposal for American-mediated negotiations aimed at withdrawal of Israeli and Syrian troops from Lebanon Begin was incensed that Reagan's letter outlining his proposals was delivered only on Tuesday a day after it had been transmitted to King Hussein of Jordan Egypt's President Hosni Mubarak and Saudi Atabia's King Fahd American officials justified this procedure on the ground that before they could communicate it to Israel they had to have some indication that the Arab countries would at least discuss the plan

he Israeli rejection of those proposals was harsh and specific. The Cabinet communique included a detailed examination of how the Israeli government believes Reagan's proposals deviate from the Camp David accords. In so doing the Israelis disclosed

some details of Reagan's proposals that he did not make public in his speech For example, the President on television said only that Jerusalem must remain undivided but its final status should be decided through negotiations' In his letter to Begin according to the Israelis Reagan proposed to let the Arab inhabitants of Fast Jerusalem vote in elections to set up a selfgoverning council for the West Bank and Gaza an idea that the Israelis have consistently opposed

Reagan's stance on Camp David was strongly endorsed last week by the chief architect of the Camp David pact Jimmy Carter. The President took care to keep his defeated rival informed. Geoffrey Kemp, a Middle Last specialist on the National Security Council visited the former. President's home in Plains. Gathree times beginning in June to brief Carter on events in the region and the Administration's developing plans. The final visit was last Wednesday, when Kemp accompanied by Deputy Secretary of State Walter Stoessel, outlined the proposals that Reagan was about to present on TV.

Administration officials insist that Kemp never asked Carter for support or even advice and the former President did not volunteer any Anticipating that the Israelis would insist on their interpretation of the Camp David pact the Administration hoped Carter would reply as indeed he did Going before TV cameras the day after Reagan's speech Carter pronounced the new proposals absolutely compatible with Camp David He also counseled Reagan that persistence could eventually overcome Israel's initial objections Said Carter. If they stick to their guns there will be negotiations

Catter may be tight The Israeli governments rejection of Reagan's proposals was not quite as vehement as it might have been Some Reagan officials had feared that the Israeli Prime Minister might be provoked into proclaiming an immediate annexation of the West Bank and Gaza and hardliners in the Cabinet pressed Begin to do exactly that Others proposed a rapid development of new Jewish settlements Begin rejected these courses and even left the door open a crack toward bargaining The Cabinet communique proclaimed Israel's will-

25



endorsed last week by the Secretary of State Shultz

TIME SEPTEMBER 13 1982

ingness to renew autonomy negotiations with the U.S. Egypt and 'other states and elements, 'though not on the basis of Reagan's proposals

Begin repeated this position in a meeting with Defense Secretary Caspai Weinberger who was visiting Israel as the guest of his counterpart. Defense Minister Ariel Sharon. Weinberger, who was on a five-day three-nation tour of the Middle Last, replied that he hoped Israel would not reject. Reagan's proposals out of hand 'Israelis regard Weinberger as the least sympathetic of all U.S. officials but both men had their tempers under control, a Weinberger aide described the meeting as totally civilized.'

US officials insist that they will not bring overt pressure on Israel to respond to Reagan's initiative. In particular, they say that the US will not threaten a cutoff of economic or military aid. Rather their strategy is to dangle the hope of genuine.

peace before the Israelis and spark a debate within the country that eventually will force a reluctant Begin to come around I hey note that some of Reagan's proposals are compatible with a plan advanced by Begin's chief rival Labor Party Leader Shimon Peres in 1980 Under the Peres plan Israel would retain control of a strip of fortified territory along Israel's 1967 borders but return the rest of the West Bank and Gaza Strip to some form of Jordanian administration. with the provision that those lands be demilitarized. Indeed the Labor Party leader cautiously endorsed Reagan's proposals as a basis for serious dialogue 'Peres added We are going to put our case before the people

opinion may be swing- A totally ing in a direction favorable to Reagan's proposals. In a poll published last week the Jerusalem Post posed this question. Are you for a peace agreement with Joidan that will require Israel to abandon parts of Judea and Samaria? Only 46 8% of the respondents answered no 18 58 3% as recently as May I he proportion of yes answers rose from 29 3% to 40 29%

here are some signs

The US hopes of course assume that Arabstates will eventually agree to negotiate on the basis of Reagan's proposals of some variation of them. That is possible but far from assured. Although the initial response of Arab leaders was muted. State Department officials say that the private reaction was tavorable. Saudi King Fahd was said to be upbeat. An additional reason for the Administration's speed-up in presenting its own plan was to influence. Arab deliberations at the Fez summit. At best, the summit might have endorsed an eight-point plan advanced last year by

King Fahd While that plan contains an implicit recognition of Israel's right to exist, it also insists on an independent Palestinian state with East Jerusalem as its capital. Administration officials feared the summit would reject even that plan and take a strong pro-P1 O position. Says one. We had to take the initiative before their positions congealed.

Clearly Jordanian participation in Palestinian autonomy negotiations would be a key to their success. The foreign ministry in Amman issued a mild statement that Reagan's initiative contains a number of positive elements that deserve to be studied but King Hussein said nothing Hussein would like to regain authority over the West Bank but he accepted a 1974 decision by an Arab summit in Rabat that only the PLO could speak for the Palestinians his country which has a Palestinian majority is more vulnerable to PLO pressure than any other in the Arab



too that Israeli public Sharon, center, with his guest Weinberger at an army base in Israel opinion may be swing- A totally civilized session with a man the Israelis suspect

world. Hussein dates not venture to negotiate on behalf of the Palestinians without backing from other Arab states and some assurance that the PLO will not try to destabilize his regime for doing so.

Other moderate Arab states are aware that Reagan in his speech was at last showing a US independence of Israch policy that they have so long urged and that this long-awaited initiative could die quickly if it is too adamantly rejected by both sides. At week's end there was speculation that even the PLO which is struggling to preserve its political influence would adopt a position in advance of the Fez summit that fell short of outright rejection of Reagan's proposals. I ven if that happens the most that American diplomats expect from Fez is a highly qualified pledge by the Arabs to consider the US initiative

The Administration has a program for follow-up moves to build momentum

Secretary of State Shultz who did more to shape the new policy than anyone else, will confer with Atab and Israeli leaders on the prospect for autonomy negotiations while they attend the United Nations General Assembly session that convenes in New York City late this month If his soundings are favorable Shultz is prepared to tour Middle East capitals this fall to develop more specific ideas for getting these talks started Once negotiations begin if they do the Administration may assign a special presidential envoy to watch over them full time

Shultz also has been moving to assure strong backing at home for Reagan's initiative. While it was being diafted he consulted interested parties ranging from former Du Pont Chairman Irving Shapiro to AII-CIO President Lane Kirkland Shultz continued the effort last week calling in both Jewish-American and Arab-American leaders.

7008

The effort so far has paid off in impressive domestic support Lven leaders of the American Jewish community who usually are quick to take issue with any Washington move that appears to dilute American backing for Israel seem to have been partly disarmed at least in public. Asserted Julius Berman chairman of the Conference of Presidents of Major American Jewish Organizations. There are some very positive statements in there He specified Reagan's call for hard fair and direct negotiating between the parties and his lack of support for an independent Palestinian state Berman's criticisms were surprisingly mild. What I am disappointed in is that the President sceins to have altered the role of the U.S. from that of an

honest broker to a party that

now has a public position that

Other Jewish leaders echoed the Israeli concern that by putting forward a plan of his own Reagar was attempting to impose some kind of settlement on Israel Those worries appeared to be misplaced or at least greatly exaggerated As Administration spokesmen made clear in background explanations, the President's ideas for a peace were not carved in stone, and were intended primarily to break a stalemate in the peace negotiation. That in itself was an act of creative diplomacy Whether or not the President's plan would ever be initialed at a second Camp David summit Reagan had reasserted US, leadership in a dynamic way and come forward with proposals that were clearly stamped made in Washington"-rather than Riyadh Amman or Jerusalem It was an initiative sorely needed -By George J. Church.

must be defended

Reported by Douglas Brew with Reagan, and Johanna McGeary/Washington

United States

Ruptures in the Pipeline Policy

'ut a "clarification" softens Reagan's sanctions

he towering blue cranes carefully loaded 500 wooden crates into the hold of the Soviet freighter Stakhanovets remolenko berthed on Scotland's River Clyde A few miles away at a meeting of industrial leaders in Glasgow the Iron I ady' who had ordered the loading operation to proceed struck a defiant note. We said we would deliver proclaimed British Prime Minister Margaret Thatch-

er We will deliver
I hus for the second time in two
weeks a U.S. ally had ignored the embargo imposed by President Reagan on the

warned that sanctions might throw thousands out of work. For another, British officials, let it be known that they would fully back John Brown if it chose to challenge the sanctions in U.S. courts. Wary of these possible repercussions. Secretary of State George Shultz. Treasury, Secretary Donald Regan and Commerce Secretary Malcolm Baldrige urged the vacationing President to soften the reprisals.

Reagan at first was reluctant. He is determined to punish the Soviets for supporting the repressive martial-law regime in Poland (see WORLD). He is also op-



John Brown turbines being loaded into a Soviet freighter in Glasgow last week

Further defiance of an American embargo that hurts the allies more than Moscow

transfer of American-designed technology for a new 3 000-mile pipeline that the Soviets are building to carry natural gas from Siberia to Western I urope. The cargo being stowed aboard the Soviet freighter on the Clyde included six of 21 turbines that John Brown Engineering Ltd has contracted to build for the pipeline. A shipment of three French-built compressors had sailed from Le Havre the week before last week two Italian-made compressors were being loaded onto another Soviet freighter in the port of Livorno.

Reagan retaliated against the two I rench companies that broke the embarton by banning them from purchasing their can goods services and technology then though one of the firms. Dresser-france is a wholly owned subsidiary of Dallas-based Dresser Industries. Extending the ban to John Brown however, proved to be a more complex problem. For one thing company spokesmen

posed to the pipeline on two related grounds that it will eventually provide the cash-strapped Soviets with \$10 billion a year in Western currency and that it will make the European allies dangerously dependent on Moscow for vital energy supplies Some of his political advisers see Reagan's opposition to the pipeline as a test of his anti-Communist commitment and fear that any retreat would upset his conservative supporters

The President was eventually persuaded that imposing full penalties on John Brown would further aggravate a needless feud within the alliance. Freasury Secretary Regan issued a clarification of the sanctions imposed on the two French firms. Violators of the pipeline embargo would be prevented from buying more American oil and gas equipment but could continue to putchase other goods.

The Treasury Secretary's clarification only underscored the futility of the Ad-

ministration's sanctions policy Washington refuses to allow the export of any more General Electric rotors or other American parts for pipeline equipment being manufactured in Europe Nonetheless the governments of France Italy and Britain have ordered firms in their countries including subsidiaries of American manufacturers to fulfill their contracts with Moscow The Soviets have stepped up work on the project and the official news agency 1ASS last week announced that the pipeline would be completed on schedule despite US impediments. That assessment was endoused in a series of secret CIA reports which predicted that at best the Administration's restrictions would delay completion of the project only slightly

Ever since Reagan baired foreign manufacturers from exporting USdesigned technology for the pipeline last June Turopean and American diplomats have hoped that the allies could reach a compromise approach to the issue Yet even with the dispute at a crisis point. little productive dialogue is under way. The allies feel that they have accommodated Washington by agreeing to limit the export of high technology to the Soviet bloc and by raising interest rates on credits offered to Moscow to near-market levels It's a stalemate says a British diplomat in Washington Beyond a certain point you cannot move. We believe in the sanctity of contracts and the sovereignty of our own laws

Thatcher stressed that point in a speech to the industrialists in Glasgow adding that Reagan didn't quite realize how serious the British dilemina was when the two leaders discussed it on her American trip last June We feel particularly deeply wounded by a friend' she said loftily. Now will you Americans please understand, especially as you in the US are going to deliver wheat to the Soviet Union, US Trade Representative William Brock, in London for talks on the pipeline with his British counterpart Peter Rees argued Reagan's familiar but unconvincing point that these two deals were qualitatively different Reason grain sales force the Soviets to spend hard currency, whereas the pipeline will put money in their pockets. Responded Rees I could not explain to a British electorate why it is that Midwestern farmers are getting cushioned but the people making turbines on the Clydeside

Brock believes that there could be a happy ending to the family feud. The confrontation over the pipeline may force the allies to establish a long-overdue policy on commercial dealings with the Soviets. We haven t sat down with our allies to look at what overall policy should be he says. Sometimes adversity forces you to do things you should have done long before. —By Watter Isaacson. Reported by Frank Melville/London and Gregory H. Wierzynski/Washington.

United States

More Troubles for Donovan

Figures in Silverman's probe turn up in a new investigation

when he was investigating Labor Secretary Raymond Donovan last spring Special Prosecutor Leon Silverman summoned a pair of mobsters to testify before a grand jury about their alleged past links with the Reagan Cabinet member One of them Philip Buono reportedly denied even knowing Donovan the other Joseph ('Joe Hooks) Verlezza claimed he was too ill to talk and never showed up. The names of both men have resurfaced federal authorities consider them prime suspects in the slaying last month of Nat Masselli 31, a Silverman informant and son of a mobster who has been a central figure in the Donovan investigation

Nat Masselli was murdered the night before his father William (Billy the Butcher) Masselli 55 was to appear before a New York grand jury investigating new charges against Donovan. The Massellis were embroiled in a financial dispute with some Mob-connected business associates and conceivably that could have been the reason for the rub-out But some law enforcement sources thought it was more likely that Nat Masselli was killed in retaliation for cooperating with Silverman or as a warning to the elder Masselli to keep his mouth shut

Masselli's murder and the re- Slaying Suspect Salvatore Odlerno after his surrender opening of the Donovan investiga- Charged in the murder of a government informant tion have heightened White House anxiety over allegations that a Cabinet Secretary was linked with the Mafia Larher this year, Silverman investigated reports that in January 1979 Donovan then part owner of New Jersey's Schiavone Construction Co had met in Miami with William Masselli a member of the Genovese Matia family and head of an excavation firm that did business with Schiavone Donovan heatedly denied the charge and Silverman decided that the Miami meeting could not be corroborated. Then last May the special prosecutor persuaded Masselli's son Nat to allow the IBI to tap his telephone conversations with a Schiavone lawyer. The taps turned up no evidence of criminal activities

In late June Silverman announced that there was 'insufficient credible evidence to prosecute Donovan But in a 1 025-page report the special prosecutor disclosed that the elder Masselli now serving a seven-year sentence for hijacking had tried to peddle information about Donovan in an effort to cut his prison term and that Nat had permitted the IBI to bug his phones. Although these details were largely overlooked by the press they were apparently noted with extreme interest by mobsters



As Silverman was packing up his records he received fresh allegations from the Justice Department that Donovan had met in Miami with William Masselli and Albert (Chink') Facchiano a convicted loan shark and former captain in the Genovese clan to set up no-show jobs tor mobsters on Schiavone construction sites In mid-July Silverman reopened his investigation determined to dig deeper into the alleged links between the Genovese family and Schiavone. In his first probe he had questioned the elder Masselli and Buono who is reputed to be a Genovese captain Silverman decided to

interrogate them again and also to grill Facchiano now serving a 20-year prison term in Alabama and the supposedly ailing Verlezza a close associate of Buono's

On Aug 24, Silverman had Masselli transferred from a prison near Lake Placid NY to a Manhattan jail cell in preparation for his appearance before the grand jury The next day Nat visited his father at the fail Later that night, police say the younger Masselli Secretary Donovan



ariests

drove up to Van Cortlandt Park in The Bronx to meet with Buono, Verlezza and Salvatore Odierno, 67, a Genovese loan shark Massellı parked his 1977 Lincoln Continental in back of Odierno's red Pon-

tiac According to federal authorities, Odierno slid into the front seat of the Lincoln next to Masselli, while Buono clambered into the back seat. Verlezza remained behind in Odier-

fter talking briefly with the two men, Nat turned his key in the ignition and started to drive away Suddenly, a shot was fired, and the Continental engine roaring smashed into a parked car Masselli shot once behind the right ear with a 38-cal pistol slumped dead behind the wheel As scores of people watched from a playground across the well-lit street. Odierno jumped out of the car and ran to his Pontiac The chunky Buong police say had some trouble extricating himself from the back seat of the two-door Continental Hey, wait' he yelled to Odierno as the Pontiac began to pull away Buono eventually got into the other car but not before the man whose parked auto had been smashed by the Continental noticed what had happened. The angry owner gave chase on foot and managed to whack the trunk of Odieino's car with a tire iron as the mobsters sped away

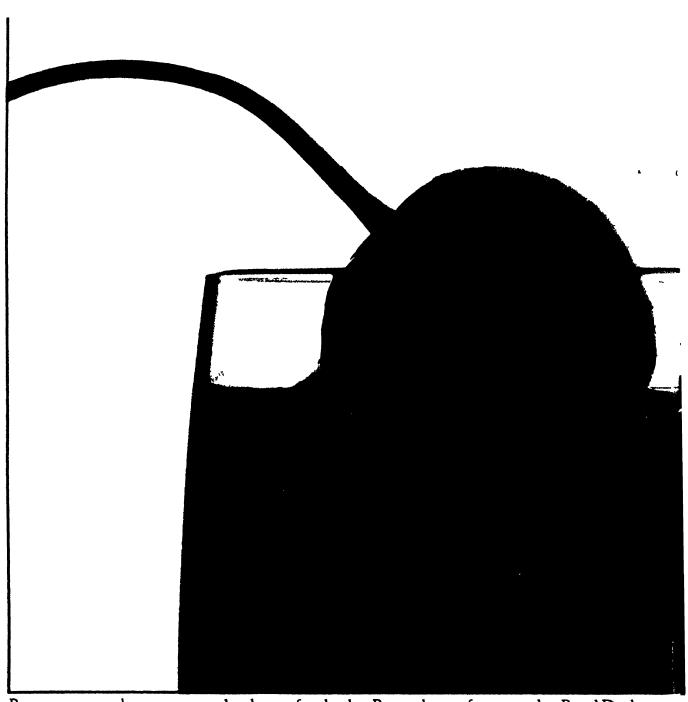
Several witnesses jotted down the license-plate number of the Pontiac Tracing the car to Odierno police staked out his home in Valley Stream NY, for two days, Odierno then surrendered to the Bronx District Attorney After a witness picked out Odierno from a police line-up last week he was charged with second-degree murder He pleaded not guilty A Bronx grand jury indicted him on Friday Manwhile, authorities were investigating Buono and Verlezza but were gathering more evidence before making other

Since the hit was so clumsily executed investigators believe that the mobsters discovered something so alarming during their brief talk with Masselli that they decided he had to be murdered. One line of speculation was that he had somehow indicated that he was cooperating with Sil-

> verman Another was that the aging hitmen had discovered a recording device in the car According to police sources, Nat Masselli had let investigators wire him with a body make in the past

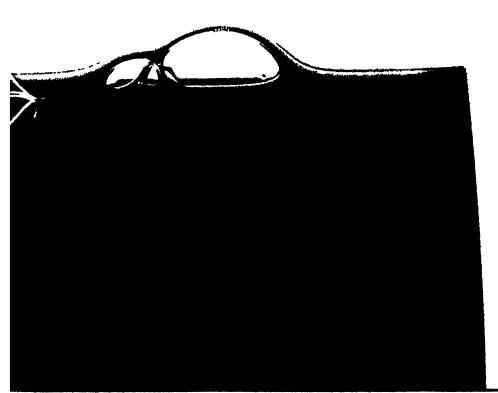
Masselli is the second Silverman witness to be murdered Last June the body of Fred Furino, a Mafia bagman who allegedly received payoffs from Schiavone and flunked lie-detector tests on his denials that he knew Donovan, was





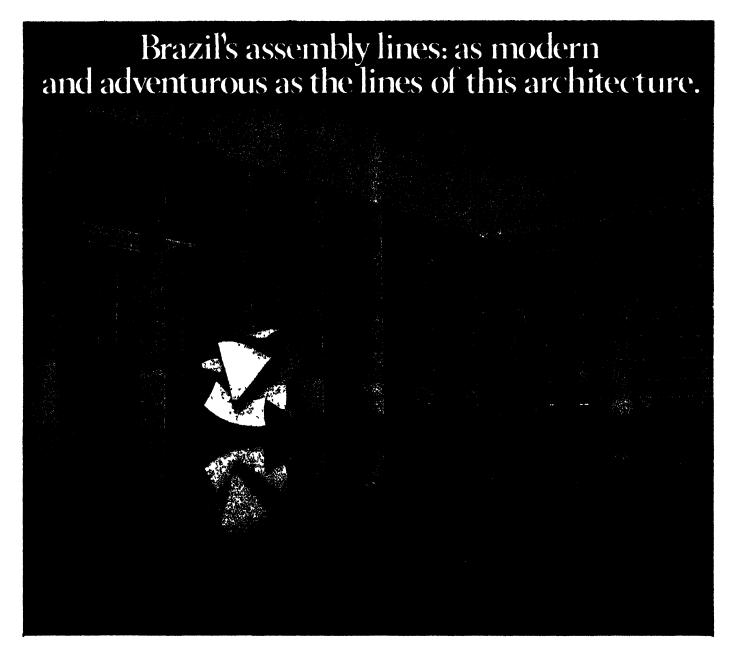
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Brazil ranked as the sixth largest

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United States

found stuffed into the trunk of a car in Manhattan The Masselli killing touched of grumbling among experienced federal osecutors about the way the Donovan have port the aid both Massellis had given him, they say Silverman in effect fingered them for execution by the Mob. At least one other witness named in the report is receiving federal protection. Some prosecutors contend that Silverman, 61 a partner in a Manhattan corporate law firm is ill equipped to investigate the grimy dealings of organized crime. That's primarily a game of the streets like stickball said one federal official. Silverman can t play it '

or his part. Silverman contends that the testimony of Government informants tends to be unreliable and self-Surving le has exhaustively checked the charges made by informants frequently rejecting the testimony of witnesses the Crovernment has considered trustworthy in the past. The special prosecutor moreover has concentrated solely on charges that Donovan is linked to mobsters he does not consider it his responsibility to pursue allegations that other Schiavone officials might have dealt with the Mob. That would have made us an ombudsman for the Schiavone Co and that was not our function said Silverman

The reports of a meeting in Miami along with other alleged contacts between Donovan and the elder Masselli remain the focus of the new Silverman probe During his Senate confirmation hearings in early 1981. Donovan testified that he had never socialized with the mobster and had bumped into him only three times always on job sites. But in an interview with New York Dails Vens Columnist Jimmy Breslin last week Masselli recalled a slightly different relationship We know each other by name, he said Hello Goodbye Then Masselli related that he had been a guest of Donovan's at a couple of football games in New Jersey and had met the future Labor Secretary at a contractors dinner and at a Schiavone Christmas party Even if I did know him personally so what? asked Masselli with a straight face 'I m not Mob connected

Silverman expects to wrap up his new probe by late September Even if he again clears Donovan of criminal wrongdoing it may not be enough to save the Labor Secretary's job. Already, the appearance of impropriety has diminished Donovan's effectiveness as a member of the Reagan Cabinet Donovan, who was guilled by Silverman for two hours last week, remains chiwardly unconcerned. I will be fully a pared of these newest allegations,' he diclared 'There is absolutely no substance to these charges and that is the way the final chapter will be written' Why is Donovan so optimistic? 'You got replied Silverman "I don't know what basis he has for being confident

Crossing Through No-Man's Land

The mysterious defection of an all-American G I. Joey

t is an edgy spartan existence for US soldiers stationed along the two-milewide Demilitarized Zone that separates North and South Korea. In the truce village of Panmunjom through which the border runs, two large bunkers, essentially allied observation posts are dug into barren knolls. One of the bunkers is known as Guard Post Ouellette

Early on the morning of Aug 28 PFC

Joseph White of St. Louis was on duty assigned to scan the North Korean frontier just 15 vds away Some time before dawn White walked out to the chain-link fence surrounding Guard Post Ouellette blasted the lock on the gate (probably with his M-16) and scurried north. About 7 20 am an Army comrade spotted him on the White at military school other side of the rugged noman's land still carrying his rifle the blond G I was grabbed by a squad of North Koreans and hustled down into their bunker

The soldiers seemed to handle White roughly When the North Koreans twice refused a request from White's commander for a face-to-face meeting with the G I it seemed possible in ROTC training last summer that he was not as the Communists claimed under their warm protection after having requested political asylum. Late last week however the Army concluded officially that White 20 had shot open the guard-post lock. If in fact, he walked across the DMZ voluntarily, it would mark the first defection by a US soldier in Korca in 17 And now in North Korea years and the fifth since the

Korean War ended in 1953 * On Saturday North Korea's news agency quoted White as saying that he had defected of his own free will. I sought a political refuge not by any passing emotion but by my deep emotion 'White reportedly told a press conference. He came to North Korea because it was unjustifiable for the US to send troops to South Korea the news agency quoted him as saying. I also wanted to show the world the corruptness criminality immorality weakness and hedonism of the US

Such misgivings if true had never

The earlier defectors were all Army enlisted men Three deserted during 1962-63, the fourth in 1965. Their present whereabouts is unknown. surfaced before. As the fourth of five children in his south St. Louis working-class neighborhood. White was well behaved and earnest a clean-cut straight arrow who talked about making a career of the Army Why, wondered his incredulous mother would be give up all that for one bowl of rice a day for the rest of his life,

Why indeed? White was a so-so student at St. John the Baptist High School

indifferent to sports and too shy to be very popular, but he still qualified as an oldfashioned all-American youngster. He was a devoted reader especially of military histories and a Boy Scout He was a devout Roman Catholic and a volunteer counsclor at a camp for handicapped children. He was apparently never in the slightest trouble not in St. Louis not during his studious postgraduate year at a Missouri military academy and not during his ten months in the Army

White had always had a political bent conservative and unabashedly patriotic He made sure the family's flag flew on national holidays and at sunset his mother remembers it always had to be folded just right At 17 he was doing chotes for the Reagan presidential campaign

White's letters home from the DMZ where he had arrived only last July were peppered with standard G I grumbling but he seemed to like the work There was no sign of special emotional strain or philosophical crisis. I must say he wrote proudly to his parents seven weeks

ago, it was a blast driving an APC larmored personnel carrier l

Kathleen and Norval White an autoworker understandably cannot believe that their good Republican son is a willing refugee in North Korea 1 have to fight to save my son. Mrs. White says. If they can capture one they can do it to a hundred and soon they II be on the West Coast On the mantel sit two photographs of her G.I. loey. They ic breaking him down insists Mr White at once hopeful and horrified that he is right. My son's still resisting. I know he is. Perhaps Father knows best. But not even he has any real idea why on earth Joseph White took a walk in the dark to North Korea .







Special Section

What Are Prisons For?

No longer rehabilitation, but to punish—and lock the worst away



ven US prisons were supposed to be part of the New World's promised land. The first American prisons would not merely punish inmates, but transform them from idlers and hooligans into good, industrious citizens. In 1790 a group of Philadelphia

Quakers, brimming with revolutionary optimism began the experiment in a renovated downtown jail. They were bent on such degrees and modes of punishment—as may—become the means of restoring our fellow creatures to virtue and happiness.

No other country was so seduced for so long by that ambitious charter. The language ever mallcable conformed to the ideal when a monkish salvation was expected of inmates prisons became pententiaries then reformatorics correctional centers and rehabilitation facilities. Those official euphemisms are still used but they are vestiges drained of that first noble zeal.

Prisons did not work out as planned. Right now in most | states there are individual prisons and whole prison systems that courts have condemned Insurrections, and slaughter shock everyone and surprise.

nobody. There was no bona fide riot among San Quentin's 2,900 inmates last year, yet seven prisoners were murdered, and at least 54 others were stabbed, clubbed or beaten, all in the normal course of prison life.

While heroic plans for imprisonment have shriveled the Inmate Nation is larger than ever before. The public wants to get tough, with criminals, and legislators, prosecutors and judges are obeying that diffuse mandate by sending more people away for longer stretches. Prisons have nearly doubled their population since 1970. Last year's 12.1% increase was the fastest in this century. Now the Inmate Nation is growing by more than 170 a day, and during the next few weeks will probably edge over 400,000 not quite half black about 4% women. At the current rate of growth, the number of inmates would double again by 1988. Foday more than one out of every 600. Americans is in prison, not jail or reform school, but prison. Only the Soviet Union and South Africa have a higher percentage locked up.

Prisons have failed But at what 'What are prisons for'

Punishment At that prisons have easily succeeded all the more so in a country like this one with its lust for liberty for room to move. By locking a criminal away a community achieves retribution as well a theoretical function of the U.S. penal system. Prisons also keep criminals off the streets for a while. Yet oddly this most successfully realized purpose -plain detention—has been usually regarded as almost incidental to prison s higher, far more problematic purposes. The loftiest and most desperately sought of these is rehabilitation originally to be accomplished by religious conversion, and later by psychology.

Now suddenly a new consensus has hardened into shape rad-

ically contrary to the orthodoxy of two centuries. No one has ever figured out a way to impose anything like prisoner rehabilitation. Most ex-inmates do not return to prison, but there seems to be no way to reduce the incorrigible minority at least 30%, who will return within three years. Thus what prisons have failed to accomplish is a feat that a more modest (or less benevolent) people would not have counted on. Rehabilitate? What is rehabilitate? scowls I ddie Meeks, an inmate at Stateville Correctional Center in Illinois. Source in the abilitate me if I don't want to. Daniel Weil a

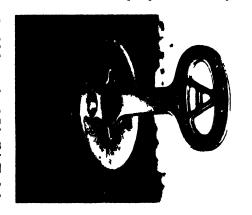
former Chicago warden and prosecutor is clear-sighted. No one ever knew what rehabilitation meant the says. I m not advocating an end to the programs of rehabilitation. I ducation and work programs are important just as clean sheets and decent food and fair treatment are important. But that's not what prisons are mainly about.

The wisdom of Meeks and Weil only recently seems patent. The remarkable fact is not that prisons proved to be uncongenial places for moral improvement, but that it took so long for the US to recognize and confess the folly. The out-

look always should have been grim. Riots have beset American prisons from the beginning. But those manifest failures along the way were only specifically disappointing not generally disillusioning. A spasm of violence at a particular prison epidemic madness at another, each was explained away as a technical error the cellblock configuration was wrong the recreation policy too lenient. One who saw through to the inherent failure was Alcis de Tocqueville whose famous 1831 tour of the U.S. was first of all a survey of American prisons. Nowhere was this system of imprisonment crowned with the hoped-for success. he wrote. It never effected the reformation of the prisoners.

Ioday as never before thoughtful discussion of imprisonment does not stick to a sweet-sounding party line. It has been discovered for example that a small number of criminals commit an inordinate percentage of violent crime. Therefore, many states have introduced career criminal programs that successfully concentrate on locking away those habitual offenders. Such clarity of vision is already permitting a careful—and yes, hopeful—assessment of exactly what prisons can and cannot be expected to do. Prisons are a mess, but they may not be irretrievable. Rather a new, sober set of hopes is required. Prisons can be made clean and safe and fair, and they can be used more judiciously decent prisons for society's most indecent members.

Prisons effect punishment of course But the punishment provided by the roughly 800 U S prisons ranges from the purgatorial to the hellish. In a well-designed progressive place like Michigan's Huron Valley Men's I acility, a five-year term is with luck just that five years of life terribly circumscribed, with all but a few personal choices and pleasures denied. But in many





other prisons, implicit in the same nominal term are five years of extortion and knives, bodies grabbed and ransacked, a sour, filthy cell shared for most of a day with a hothead who wouldn't mind killing again. The experience of a given prison is indistruminate the car thief endures the same, day by day as the animaled the car thief endures the same, day by day as the animaled the car thief endures the same, day by day as the animaled the criminals by putting them in prison? It is simple only the same which criminals? For how long? In what kind of prison?

Any prison will punish Some people fear that prisons are now too cushy so spiffed up that chastisement is nullified. But the country club prison is as unreal as the prison cum treatment center. A plain deprivation of freedom—the average prisoner serves two years or so—is quite severe all by itself. Conjugal visits between inmates and spouses, the innovation so often cited as alarmingly humane are permitted in only nine states. More typical of prison permissiveness is allowing Playbos pinups in cells and unlimited seconds on Wonder bread in the chow lines.

Jeanette Blakes 28 was given a 20- to 60-year sentence for shooting to death an acquaintance who Blakes says attacked her with a knife. She has served six years in the Dwight Correctional Center. Illinois women's prison. What do I miss most here' My freedom. Blakes says. The abstraction sounds palpable. Just my freedom. Not so much being caressed or anything like that. You take away a person's freedom, you take away everything.

Rick Sikes 47 has been in just one prison, the U.S. Penitentiary in I eavenworth, Kans, where he went nearly eleven years

age after a bank robbery con- , viction. Unlike many inmates he can compare prison life only with life in the free world where he was a country and western guitarist and not to regimens in other joints For a prison he figures Leavenworth is all right. It's not at all like home, and nobody likes being here. But I believe this is as good as prison gets Still you got all kinds of foolish people in here who do crazy things. There's lights on all the time. There's no such thing as quiet

The essence of prison life is that it is boring boring by definition and by design Yet there

are accidental Expressionist stage-set touches. Stateville's round four-tier cell houses, each with its all-seeing gun tower at the hub in a prison shop, a row of machine tenders, each man in a khaki shirt with WORK painted on the back on a guard's desk a canvas bandoleer, in every numbered pouch a safety razor for daily distribution on death row a jarring, hand-lettered sign, NO SNIC KERS, that in fact refers to the commissary standy-bar supply

verything including the ordinary seems strange in these fortresses. In the Stateville library, a huge inmate stands and squints at Bing Crosby's memoir. Call Me Lucky. A young, white female history teacher asks her class of ten young black men. And who won World War II? In permissive California, San Quentin's main visiting foom has the look of a junior high school make-out party, where they forgot to dim the lights dozens of couples hugging smoothing oblivious. In Leavenworth's vast mass hall immates grab their silverware from a miniature Conestoga and eat off red-and-white checkered tablecloths, the hoe-down amenities seem almost too perky to bear. In one dim passageway leading to an Illinois cellblock to me wry convict has painted a skillful trompe I oetl escape route in those disappearing into a tunnel and freedom.

A prisoner's days can be spent productively—a queer industriousness to be sure—or endlessly loafing. At Leavenworth he might do his time making pig bristles into paintbrushes—and earn about 60c an hour. In Texas, the director of prisons says he tuns—quasimilitary operations—and his close-cropped inmates in uniform white cotton must work for nothing. Rick Sikes was eligible for a parole hearing after his first 120 days at Leaven-

worth, but he waived the opportuniting accept that robbety inviction, and its 50-year sentence await him in Texas. 'I don't care nothin for the way they do business down there "he says and 'since it sall in turmoil, I sure as hell don't want to go.'

he legal turmoil in Texas is the doing of Federal District Court Judge William Wayne Justice who ordered among other things that the prisons provide at least 40 sq ft of cell space for each convict. The state has partly complied by putting 3 100 inmates in jury-rigged twelve-man tents. The strict prisons of Texas are not by Southern standards, atypically haish. In 30 states prisons are under court orders to end unconstitutionally cruel conditions and practices whether inadequately treating sick inmates improperly ventilating cellblocks or simply jamming in too many prisoners.

The men and women managing prisons are generally not sadists and the ordinary lawful discipline at their disposal is great. Withholding privileges such as weekly phone calls of Monday Night Football is amid the blank shuffling tedium of prison life no small punishment. For more intractable violators officials can lengthen prison terms by docking, good time, the sentence-shortening days an inmate earns for obedience. Or they may place troublemaking prisoners in some form of solitary confinement.

Prison overcrowding like prison riots (which overcrowding helps ignite) and nominal devotion to prison reform (to which riots

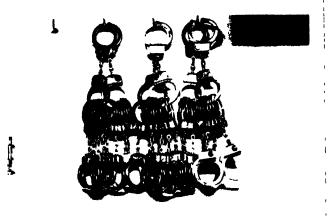
give a short-lived public urgency) has been a US constant Today the American Correctional Association the main organization of prison officials has a 495-item roster of adult-prison standards. A basic requirement is that each prisoner have his own cell of at least bathroom size 60 sq. ft. half as large as cells provided in one Pennsylvania prison 150 years ago. But today only about a fifth of US inmates have one-man 60-sq.-ft. cells.

Southern prisons are particularly overcrowded Georgia last year admitted 1 600 more inmates than it discharged and 700 convicts for

whom there is absolutely no more prison space are being held in Georgia's jampacked county jails. In the past year Horida's inmate population had a net gain of 4.457, and the prisons remain overcrowded despite the completion of a new Horida prison every eight months on average since 1974. The South has been punitive all along says the Rev. Toe Ingle, a Southern penal activist. With its currently teeming prisons it is in the process of affirming how punitive it can be. But many Northern prisons have impossible overcrowding problems of their own. During just the first eight months of 1982. California's inmate population grew nearly 12%. Illinois prison officials plan to build space for 1500 additional inmates by 1985 unfortunately, they expect by then to have 3 500 additional inmates to house.

Prisons are extraordinarily expensive to build and operate At a recently opened medium-security prison in Nevada, the price comes to \$37,000 a cell, and a new state of-the art maximum-security complex has cost Minnesotans \$78,300 a cell. It takes about \$15,000 to feed and guard an inmate for a year. National averages, though can obscure almost freakish disparities between states. Inmates in Texas, at one extreme, build their prisons and grow 70% of their food, and so each prisoner costs the state only \$3,577 a year. (Despite the free labor, the Texas legislature was forced to allot \$96,5 million for prison-building for this year.) At Delaward's new maximum security facility, the annual cost per inmate is upward of \$30,000.

I ven if a state's citizens and leaders decided that it was fine to cut costs by giving inmates gruel and just enough space to brood lying down the federal judiciary's notions of decency would no longer permit them to do so. During the past ten years



Special Section

a conservative Supreme Court affirmed and then cautiously circumscribed the range of prison conditions deemed unconstitutional, and the discretion of lower federal judges to order remedies. In its 1976 decision in the Texas case Estelle vs. Gamble. and even more powerfully two years later in Hutto vs. Finner a case involving sickeningly bad conditions in Arkansas, the Supreme (ourt effectively reversed the two-century policy of keeping prisons virtually immune from judicial intervention. In last year's Rhodes vs Chapman however the Justices substantially narrowed the circumstances under which a court may order prison improvements

pace is most often the problem. The I lorida department of corrections, under whose auspices a quarter of all U.S. inmate suicides occur finally agreed with a judge to put no more than four prisoners in space designed to hold three. In Texas, where until a year ago 2,000 inmates had to sleep on the floor officials for one week in May simply stopped admitting new prisoners rather than flout Judge Justice sorder. Illinois is appealing last year's federal court order to house inmates in single cells which officials estimate would require \$400 million in new construction Michigan (like Iowa and Minnesota) has a law that automatically provides for releasing inmates when overcrowding becomes abject. Iwice this year the statutory safety valve was

triggered in Michigan instantly subtracting 90 days from the sentences of most prisoners. By the end of the year 1 400 will have been freed early Crowdedness has forced Illinois prison officials to lower their standards for giving meritorious good time to inmates Alabama let out 277 surplus inmates last summer on the order of a federal court. Over the past five years, meanwhile Alabama's prison budget has quadrupled

Wardens will whisper their private gratitude that courts have finally got money out of legislatures but the budgets have only begun ballooning

I xperts estimate that between \$6 billion and \$10 billion will have to be spent simply to bring existing prisons up to snuff. Yet states surely cannot expect much help from the budget-cutting Federal Government. In short, there is an upper limit to how much imprisonment citizens will underwrite despite the talk about cracking down on criminals

Until the past few years it was all talk not widely translated into concrete toughness. So why the imprisonment spree now? I ssentially because US citizens reached a critical level of panic and anger at what they feel is a constantly lurking threat. Moreover prosecutors in some states are winning a lot more cases in part because they are concentrating their efforts on the career criminals responsible for a disproportionate share of street crime Between 1972 and 1979 in Chicago's Cook County felciny convictions increased 470%. Many trial judges, roused by fierce if glancingly focused public rage, have been imposing longer sentences. In New Jersey, the average prison sentence is 40% longer than that given four years ago, and the number of sentences increased in just one year from less than 14,000 to 18 000. Then there is the matter of parole. Four states have done away with it entirely, and in others its use has gone from prudent to stinting Since 1977 37 states have passed mandatory sentencing laws for certain crimes which inflexibly deny judges the right to shorten

I sasperation with high crime and chaotic justice does not always produce hasty broad-brush legislation. Determinate or presumptive sentencing, now the law in eleven states, is a more thoughtful kind of overhaul a necessary reform of an old reform gone awiy Beginning around 1900 indeterminate sentences—

two to five' or 'ten to 20'-became common As soon as a prisoner could convince a parole board that he had learned his lesson he could go Manhattan District Attorney Robert M Morgenthau says that prisoners tend to go into rehabilitation programs for the purpose of convincing the parole board that they have been rehabilitated "Prisoners are in a perpetual anxious limbo and would generally prefer to know their release date from the outset. Time served for identical crimes can vary fivefold or more. Such a routine does little to demonstrate to the lawless the law's evenhanded integrity. Furthermore, says Morgenthau if prisoners knew how long they were going to serve some of them would go into rehabilitation programs because they wanted to be rehabilitated—and not as a ruse to win parole

Determinate sentencing ends the ambiguity. The plan considered wisest is the one adopted by Minnesota in 1980. Basically that state's grid formula quantifies a convict's criminal past and his current offense, and assigns the appropriate sentence. A judge who occasionally wants to impose any lesser or greater penalty must justify his divergence in writing. Most appealing is the cool simplicity embodied in the guidelines, which help to restore an aura of fairness and strictness to criminal justice. Deterring crime is a murky business, but it can work well only if the sanctions threatened are credible consistently applied and within society's means. The certainty of punishment 'says Norman

Carlson director of the Federal Bureau of Prisons is more important than the length of punishment

Longer punishment means more prison crowding. Begrew at an annual pace of 44% prisons. I don't think we can

tween January and July Mississipply prison population If we continue to incarcerate at the same rate says Morris Thigpen Mississippi commissioner of corrections 'we will be constantly building new Thigpen's prescription is repeated in every state by hundreds of prison officials, judges i and scholars. We have got to look at prison space. Thigpen

says as a scarce commodity to be used sparingly. The alternative to a Herculean (not to say Sisyphean) prison-construction jag agrees Carlson is to do a better job deciding who ought to go to prison, and for how long. We have to be more selective

Selective acceptance of prisoners sounds like a screwy refraction of college admissions one where only the least promising the worst and the dumbest are allowed entrance. But there is surprisingly broad expert agreement that a large minority of people going to prison do not deserve that special bruising. Like war imprisonment should be a government's last resort. It is too precious a resource, too expensive and damaging to waste on the run of criminals

veryone from conservative William F Buckley to the American Civil Liberties Union argues that the emphasis must instead be shifted to what is singular about prisons the irreplaceable nub. It is imprisonment alone that can keep predators off the streets, and that result is what the US must begin chiefly seeking for its \$4.5 billion a year

There can hardly be any quibbling about who should get prionly for incarceration lola Walker 28 who until July was serving a sentence for forgery in Illinois offers the standard. To go and stick up somebody for drugs or money, to hurt a person "she says I don't have no sympathy for that Some states have already been pressed by high volume toward a strategy of reserving prisons for the most violent. More than 70% of the inmates in Illinois and New York are doing time for homicide kidnaping rape, arson robbery, assault or weapons possession Nationally, however, just over half of all prisoners are locked up for such



rimes, and in Georgia for instance the overwhelming majority of prisoners are serving time for non-violent crimes. The rest are not angels with dirty faces but crooks, to be sure—thieves mosty—stupid of bad or both. Yet they are not generally the outlaws ho make it scary even to think about going downtown for dinfigurand a movie.

How long is long enough for those who ought to be imprisno 1? Minnesota's guidelines provide for sentences as long as hose ordinarily given in the past. A one-year stayed sentence for irst-offense marijuana possession, 27 years for a second-degree nurderer with a string of earlier felony convictions. Other jurisfictions will temper justice with less mercy. Jerdell White, 36 a mooth-talking father of five had been to prison in Texas twice before for burglary and marijuana convictions. He was convicted in Dallas in 1978 of possessing a sawed-off shotgun, and given i life term. In Minnesota. White would already be free.

'There are two strains in penology now says I ranklin Ziming a University of Chicago sociologist. The liberals, stressing equality draw the sentencing grids. Conservatives say 'Fine but et's erase this four years and put in eight. Yet as more nearly equal and certain punishment is achieved, those who blithely louble sentences on paper may find them ruinously expensive.

The liberals and hard-liners in Zimiing's sketch would best to beyond simple sentiment and ideology. A Rand Corporation itudy suggests soberingly to just what degree crime may be reluced directly, and at what human and fiscal costs by keeping

riminals in prison. The findngs are like statistical good news bad news jokes. With a entencing policy under which every second-time adult felon got a five-year sentence-- inipossibly tough by the strictest eal-life standards the study predicts a 16% reduction in viplent crime. The bad news, the orison population would triple The national cost would be pernaps \$40 billion immediately \$12 billion more every year to seep the new inmates. Incapacitation does work But too proadly used it can at most nake dents in crime and those only at a very heavy price A i note sparing acute applica-

ion however bearing down hard on those who commit dozens of rimes a year can produce cost-efficient results. Six percent of the riminals commit 28% of the crimes in Manhattan? Get them

Criminologists Michael Sheiman and Gordon Hawkins in heir recent book Imprisonment in America Choosing the Future make an erudite, persuasive case that prisons be used exclusively for violent and otherwise hardened criminals. A substantial fraction of people now incarcerated, they unblinkingly allow would not be imprisoned under our proposed principles. There is general, if sketchy, agreement about what to do with the tens of thousands each year who deserve as Sheiman and Hawkins write punishments with real content that he between nothing and prison. So complete has been the US commitment to imprisonment however that comparatively little energy or money has gone to trying out such punishments.

As a result probation is the penalty routinely imposed More than I 2 million people are currently on probation most of them first offenders. For many, probation could be ideal but is in practice slapdash in Los Angeles County for instance each probation officer is supposed to keep an eye on 350 clients for other offenders, probation is just not severe enough. There have to be alternatives 'says Texas Corrections Director WJ stelle Ji. Take restitution in theft cases. People would have heir anger assuaged if you say. Hey we're gonna make this fella pay you back and keep him under strict supervision.' And it brings home to the offender that crime doesn't pay. Really hurtful fines could be used more often in lieu of prison. A small-town drunk who beats up people in his spare time could be denied free time, house arrest nights and weekends.

chain gangs might be mobilized to do the scut work of local governments

Here and there modest attempts are being made. Mississippi for example runs five restitution centers 'small and relatively cheap houses where convicted thieves must stay at night but leave during the day to work off their debts to victims. A special task force last winter proposed to the legislature that some hist offenders be sentenced to perform community service and that a sentencing standards commission be established. The measures were defeated, even formally condemned by 23 senators. Says Corrections Commissioner. Thispen. During the debate all we heard was that we were soft on crime, and the people back home want us to get tough.

he intransigence may be shortsighted but it is understandable. To be sure, Scandinavian countries are making a go of punishments other than prison. But the US has a murder rate five times that of Denmark. 19 times. Norway's In the US an inmate stands a 1-in-3-300 chance of being killed during a year in prison but the appalling fact is that the average black man outside prison faces about twice the risk (1 in 1.700). Those data do not argue against figuring out new kinds of punishments. They do explain why people in this country are scared out of their wits.

The prison-population bomb however as it consumes ever bigger chunks of austere government budgets may finally

prompt reasoned debate and sensible action. What frustrates wardens most is that while prisons qua prisons have probably never been more salvageable they are too overburdened to do their business well.

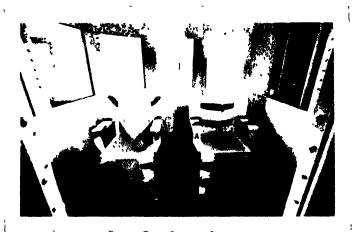
All I feel we can do says Stateville Assistant Warden Salvador Godinez 29, is to try to avoid debilitating these guys I ook 95% of them are going to get out

Perhaps the best that can be hoped is for prisons to become in one sense even worse a higher concentration of head bashers heroin warlords child molesters and murderers malevolence dis-

tilled. There would be no more half-believable inmate excuses. Criminals would effectively decide to go to prison R. I. Pulley. San Quentin's warden says as much. There's nothing to ensure that when an inmate gets out and passes by the 7-I leven, he won't decide to robit. That's basic to America, the opportunity to make choices. Inmate Marion Chaney does not make lame excuses. He has four more years to serve of his fifth. I exas prison term. If I am dumb enough to get in here again. The says from behind a wall of steel mesh. Boy I ll tell you. I ll deserve it.

So he will. But it was never supposed to work out so bluntly U.S. prisons were to be the ultimate social experiment, where lapidaries of the soul would smooth and polish criminals. Under what conditions? Inside locked catacombs, filled to overflowing with inmates wienched from their families for years, all overscen by men with searchlights and rifles. The contradiction was ignored for 200 years, partly out of carnestness and hope, but eventually because of a squeamish hypocrisy, a refusal to admit that imprisonment is any society's darkest choice.

But miracles should no longer be expected whether miraculous reformation of inmates or miraculous control of crime. Prisons are for temporarily isolating society s worst marauders. It is as simple and as complicated as that Still as a nation's institutions they may also be made safer and more decent, just as a nation's whole criminal justice system may be made more coherent. Imprisoning people less shamefully is a worthy enough goal. Lowered expectations need not signify a national moral bankruptcy. For the U.S. and its ideas about prison a deep breath and a sigh may be the beginning of an overdue maturity. — ByKurt Andersen Reported by Jay Branegan/Chicago and Anne Constable/Atlanta, with other bureaus.



Special Section

Portrait of a Prisoner

"In my cell, I only have to worry about myself"

I don't think anything that has been created can be destroyed -Sy Jackson on immortality

ad Mary I tta Taque of Rochester N Y been at home the night of Sept. 16, 1958, all this might never have happened. She would have opened her front door to her boyfriend Sylvester Jackson, then 17, and she would have either snuggled up or scolded him for being exuberantly drunk on Thunderbird wine. As it turned out. Mary Etta was not at home that night, and big Sy Jackson, looped and annoved kicked in her door. That brought the police, who says \$5 proceeded to beat up on him in the patrol car. One cop threw a punch Sy ducked the cop hit his partner Sy ran. When Sy was caught he was beaten up some more. The charge was seconddegree assault. On his lawyer's advice. Sy pleaded guilty and was committed to the I Imira Correctional Facility. So began his tour

of New York State prisons. By the time he celebrated his 41st

birthday last April 18 he had spread 17 years of his life among institutions in I lmira. Comstock Dannemora Auburn Stormville and now Attical famous Attical

It hardly looks troublesome these days this odd 30s fortiess with the Greck-echo name. In September 1971. Attica put hell on display for the nation. There are no signs of a riot today. The shock to one's system lies simply in the place itself its main wall tising 30 ft around 53 acres in the middle of dead-quiet upstate greeners. The wall is gray gray Nothing in nature including a rock could be that color Guards say the wall goes down 30 ft in spots so as to hold fast in the quicksand. At intervals along the flat surface watch turrets sit with witch-hat tops Disney World had it been built by Albert Speer

would have this look. The wall encompasses five separate cell blocks. Inside these are individual cells. 7 ft. from floor to ceiling 9 ft by 6 ft in area in which some 2 000 men live among the possessions permitted them

Sy Jackson sits hunched over at the tail end of his narrow cot At 5 ft 11 in and slightly more than 200 lbs. he ought easily to fill his cell, but he seems to have willed a diminished appearance in order to stay in proportion with his furnishings. Most of these hang on the walls a chain of beads a pair of sunglasses snapshots of his three children. He has copied William Ernest Henley's poem. Invictus, by hand and mounted it with cellophane tape. There is a picture postcard of a sailboat at sunset below what Sy calls his mind stimulators words of advice on how best to study SURVEY QUESTION READ REVIEW RECHT. Between the postcard and the sunglasses lies a poetic formula You imagine what you desire You will what you imagine You create what you will

For the most part Sy believes you create what you will but he also believes one creates what others will for him. The stony face he wears now -- the wary eyes resting on the bulging check bones the rare smile that never shows wide enough for warmth -it was not always his look. In Limita, he says. I learned how to be hard and cold. I was neither before. I used to dislike fighting so much that if I ever did get into a fight with a kid. I couldn't even hit him in the face. That's the God-honest truth. Then in prison I went through a transition as if I was beginning to understand another side of human nature in myself as well as others. Specifically, he learned that generosity was interpreted as weakness. A fellow inmate at I lmira borrowed five packs of eigarettes and refused to pay Sy back. Sy fought him. It wasn't my nature it was survival. I would have thrown that guy out the third-floor window

There is no doubt of it. I ven today you see the indignation rising in him as he recalls the cigarette borrower. He talks with his hands a swallow would be lost in them. Transferred to Comstock after the Himira incident. Sy was involved in another fight for which he says he was given 45 days in the strip cell (one meal every third day no clothes but shorts and a 1 shirt sleep on the floor). I ventually he stopped fighting, but served five years anyway developing a new opinion of himself. I didn't like what I was becoming 1 m still not comfortable with me. By the time of

his release at the age of 22 he trusted almost no one

With all the changes that have occurred in him since then Sv does not say that prison made him what he is only that it helped. After completing the first five-year term he took a job in Rochester working for a company that makes tanks for chemicals. He fell in love got married had three children Between them he and his wife were making close to \$16,000 a year quite enough at the time Still he was moody depressed One night when his two-year-old daughter would not stop crying he reached for a six-pack. He recalls horrified that he was about to fling it at her and glances sheepishly at the photograph of smiling Alicia now 18 on the cell wall The problem wasn t the family It was me. The things that were in

me anger bitterness a lack of understanding. I don't wan to get you know into a highly philosophical or psychological thing but there was confusion that was not there before. (He uses you know when he is about to say something that does not appeal to hin.) He pauses. One day I started you know robbing people.

What were you thinking when you pointed a gun at someone whose money you didn't even need?

I wasn't thinking. I was just acting out feelings

Why pick robbery

I don't know. It could have been murder

Were you getting back at people?

No I had become more like people. He shifts his weight on the cot and looks both certain and surprised



or armed robbery, and because he was a two-time felony oftender they gave Sy 15 to 30 years of which he served eleven During that time his wife divorced him. At Stormville he got on the wrong side of the keepers" for speaking his mind he contends. This was in 71 when Attica jumped off. The reminder is suddenly chilling in this place. They said I was trying to change people's ideas. I think any man who sees the truth is obligated to share that truth. That's what I was doing. For the effort, he says he was handcuffed behind his back and "thrown down a couple of flights of stairs, you know. They fractured my eardrum. They fractured my left checkbone.

He is interrupted by a rapid banging on the cell wall. He yells "Maestro I in busy right now! His neighbor Maestro is so called by suse he plays the guitar. No Maestro is not his friend. Sy has no fly hads. The worst time of day for him is when he is let out of his cell. I hads prison life too dangerous too unpredictable. He who would deem it dishonorable to steal from a fellow inmate, has already had a watch and a pocket calculator stolen. He mentions this twice, angrify in the course of two hours. In my cell, he says, I only have to worry about myself.

In his cell he can also do the reading he seems to need. Having recently finished. Buthering Heights he concludes that Heathcliff was one of the book's lesser villains, and that he wasn't as strong as he appeared to be. The real Heathcliff only came through at the end. Then with curiosity. When Heathcliff was himself, no one understood him any more. Of Jean Valjean in Les Miserables Sylobserves. Any time you make a person into something other than himself, you make a monster

He has read almost all of Richard Wright even The Outsider Wright's existential novel about a criminal who seeks to get outside everything including morality and history. To Sy this is impossible. You can only become so much of an outsider. One obliged to live in the world although, you've got to walk up your own staircase not someone else's. Moreover Wright like Bronte and Hugo, was portraving a hero who was partly the victim of others, and partly of himself. When Sy says. I want to understand whether I was the sole cause of what has happened to me. his expression is carnest to the point of desperation.

On the poem Invictus he says he does not believe he is the master of my fate. The poem is on the wall because such a tring represents a goal. Sy wrote a poem himself at the age of 18 when he was in Comstock. He recites it too tapidly.

Reminiscing my childhood past Of the good and the bad The happy and the sad The wasted tears And tutine Jears That all came true

In spite of the accuracy of the poem's forecast. Sy is still bewildered by his latest crime. He is now doing six to twelve for the attempted murder of his lady in Poughkeepsic After serving time.

for the robbery conviction, he began to work with delinquent tech-agers but he got into trouble there too fighting with the authorities over their rough handling of the kids. They told me Everybody does it. I told them I don't do it. I m part of everybody. He lost that job and drank and drank. Then he lost his lady and one day he went after her where she worked-- just to talk he says. Nonetheless he had a shotgun with him that went off in a scuffle with the woman's fellow employees. She was wounded Sy didn't mean it. No he does not see a parallel between this crime and his first trouble pursuing a girlfriend and winding up in prison. This time I was responsible. The thought does not console him.

Still what clearly worries him more than the shooting incident is the recollection of how alraid of him the woman was high her he had tried to make a whole life within a family of two in a sense as he describes it to protect himself by building a coll on the outside. But my lady couldn't adhere to my philosoph's because she had nothing to base it on. My foundation was crumbling. I thought. Here it is inside my unit. The it is threatening but unidentified. He used to say to her. 'The reason I love you is that you like the good side of me. But there is something else, and this I don't want you to see. Until the afternoon of the shooting, he had managed to stay out of jail for 3½ years.

So here I was in the grinder again. I knew what I had to stace. You get into the machine and you rejust a little cog. You renothing major. An eerie falsetto fills the corridor. An inmate walks by outside the door to Sy's cell shouting for his ID.

Who are you now '

I don't really think about myself. I don't like myself, per se because the things I have gone through have become such a part of me. As ever, there is no touch of self-pity in his voice. He seems to regard his life scientifically, like an unknown substance. I was thrown into a place where I couldn't develop normally he says quickly surveying his surroundings.

oes he think he will do something to put himself back in prison after this sentence is served? He feels that he has learned to moderate his expectations that he says will help. Yet his resolution continues to be undermined by his temper. Even now he is on disciplinary report for raising a hand to a guard. He demonstrates the gesture as if to denote its casual innocence but in fact a flick of his wrist is menacing. I will always be in prison—he says after a while—It was something stamped on my soul.

What are prisons for Sy' Punishment mainly he believes of four distinct types. The first is one's loss of freedom. The second the loss of a sense of responsibility. You're expected to think for yourself and at the same time to follow orders without a king questions. The third kind of punishment he calls, sensory deprivation—the forced absence of family of feeling. The only emotions one knows in prison, he says, are the inegatives of an-

ger and disappointment. And the fourth type? That to Sy is the most severe. The worst punishment is being compelled to be someone other than yourself.

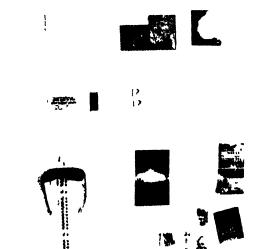
To see Sy Tack ion from the inside is to agree that in part, he has been compelled to be someone else. To see him from the outside from the other end of his cot is to acknowledge that the man is an . explosive someone to be afraid of \(\frac{1}{2}\) With that view Sy would wholeheartedly sympathice he is alraid of himself. If the prisons in which he has spent nearly half his life. have provided various punish ments they have also given him a context for looking into his own mind Since what frightens him about his mind was nurtured in prison, the process of self-examination is as circular and enclosed as Sy's upstate odyssey. Such non-

progress may be typical of a great many prisoners but as one discovers in a place like Attica, no inmate is typical. All the instruments of uniformity in a prison—the architecture, the outfits the language and routine—merely emphasize the fact that here as clsewhere every cell contains a person.

What disturbs anyone looking at Sy however is not his differences from the world but his obvious membership in it. In a sense a criminal is merely a man of extremes, someone who tobs gas stations rather than the dignity of a colleague or who terrorizes with a gun rather than a builting personality or who murders in fact instead of with gossip. Perhaps this is why Sy feels low but not ignoble the laws he breaks are on the books. Yet his internal forment is that of anyone who recognizes his own guilt and self-hate, who sees in Sy's black-brown eyes all the imprisonment of the species. It is doubtful that Sy realizes this. One thing a prison does naturally is to ostracize its residents, most of whom are bound to think there is no one in the outer world remotely like them.

Sy had a dream while taking a nap the other day. It was about a big-gigantic bird without feathers and he came into my cell and got lodged under my cot. And I m wondering in my dream whether to free this monster or scream for help. The problem struck him funny. He did not recognize the beast.

- By Roger Rosenblatt.



Memoirs of a Happy Man

The New York Times's food columnist confesses and celebrates

ever mind the notes, print the napkin a visiting reporter thinks contentedly as lunch at Craig Clarborne's eases toward coffee Clarborne is a cherisher of food a distinguished feeder who is himself a renowned cook and since 1957 he has conferred distinction on the New York Times as its food editor. It has been said that this private house of his here in I ast Hampton near the eastern tip of Long Island, is one of the best restaurants in the US Claiborne repeats this bouquet in his new memoir-with-recipes A Feast Made for Laughter (Doubleday, \$1795) But so light and joyous is his touch when he writes about food and so much of the praise redirected toward his talented colleague I rench Chef Pierre Francy that his self-beguilement seems no more than just

A bit more of the chicken, please and another shred of the fish. A splash of the Chenin Blanc Perfect a good muscu lar working lunch. Serious but not pompous, the visitor tells himself a lunch to give shape to the day Claiborne, a soft-voiced Southerner with a little boy's grin muimurs encouragement Francy, a blocky, square-faced Burgundian who was chef at Manhattan's Le Pavillon restaurant during the proprietorship of the great Henri Soule, watches with approval

The visitor is munching a newspaper column or two, the '60-Minute Gourmet department on which Francy and Claiborne collaborate. Three or four mornings a week I raney who lives near by with his family phones Claiborne A menu begins to take shape from what is available in the

local stores Claiborne says that eastern Long Island has the best food in the US

Today I rancy arrived with bonito, a fine, 8-lb or 9-lb fish filleted to about 21/2 lbs Breasts of chicken foi supremes de volaille aux poivions are at hand on the big 6-ft by 12-ft marble worktable along with peppers, tomatoes fresh corn Francy, who is wearing a tennis shirt and khakis puts on a blue denim apion that matches Claiboine's His dogs, a Labrador and a spaniel, array themselves on the red tile floor. He banishes to outer darkness a bottle of strong dark Italian olive oil, with which Claiborne has been whisking up mayonnaise, and replaces it with a can of clear, rational French olive oil He is ready He halves a red pepper, halves a green pepper, skins and trims his chicken sections his bonito working with an utter absence of false motion.



Food Expert Claiborne whisks up mayonnaise A light and joyous touch with an old love

so that great speed seems unhurried Claiborne sits at one end of the table calling out questions (How much) How hot') and taking it all down on an electric typewriter. There is no salt in the resulting recipes of course because Clarborne's doctors have ruled it out but Francy cunningly lemons his way around the lack

These friends have been working together too long for mere chaos to bollix up their teamwork, but in another household, anarchy would have triumphed this morning A dozen riggers are outside

roping up a vast yellow-and-white tent The phone is ringing Workmen are running in and out Claiborne has decided to give himself a big party on the weekend, celebrating his 62nd birthday (Francy is four months younger) his 25th year on the Times, and the publication of his new book During a break, Francy comes outside to see the splendid tent. He asks where the band is to be Claiboine says regretfully that he has canceled the band because it cost too much \$1,000 "I II pay it' says his friend with a huge grin. A birthday present Call them back

Claiboine's book is a bittersweet account, gloomy and flat in its boyhood recollections buoyant and happy after his middle 30s when he found food writing and the fimes. He was born in Sunflower Miss and raised by a smothering Southern mother and an uncommunicative father (with whom he had an emotional relationship colored by their sharing a bed in the Depression years) Claiborne's present happiness is infectious and this makes his book on balance a rare pleasure to read. He can date the moment at which he discovered gastronomy a trip from Cherbourg to Manhattan in 1949 on the Ile de France - and the sentence with which he describes it lets the reader hear the unmistakable clunk of a man falling in love. Never again has anything tasted so audaciously good as that young turbot with white wine sauce

Now, in this memory is that when he speaks sharply it is ow, in this memoir he is so content mostly of the dead Clementine Paddleford for years the food editor of the New York Herald Iribune would not have been able to distinguish skillfully sciambled eggs from a third-rate omelet. He has no further ambitions. His friend Franey wants to start a country inn with

> his son Jacques, but Claiborne just wants to go on cooking and writing and eating. He lives in a showplace and the friends who are coming to his party will have a chance to see it Edward Albee is coming Governor [Hugh] Carey is coming Danny Kaye is coming I love celebrities!' Who s cooking? Thirtyeight of the best chefs in the country are coming Paul Prudhomme, the best Creole chef in the world is driving up in a motor home [Restaurant Proprietor! Mike Tong is coming from Shun Lee West, the best Chinese restaurant in New York" How much food, I told them each to bring food for 25 What s 38 times 257

"Um 25 times 25 is 625, and about half of that again is, lessee, food for more than 1,000 people'

'I ve got 400 coming,' said Claiborne, grinning his big grin 'That ought to be just about right ' -By John Skow

Claiborne watches as Chef Pierre Francy prepares chicken



Computers

冰Terminal in Every Home?

The bold French plan for giving away electronic phone books

hen French Dance Student Isabelle Michalowski, 17, wants to find a local nightspot that is still open during the summer vacation, she lets her fingers do the walking-not through the Yellow Pages, but across the keyboard of a computer console Using the small video terminal that has been provided by the stateowned French telephone company she punches a few keys and then taps out the words DISCOS-RINNES Seconds later the names addresses and telephone numbers flash on the screen. She then hits another

titton and an illustrated advertisement appears on the screen. It reads ' Pym's American Bar dancing nightly 10 pm to 2 am all year round | Vorla!

Isabelle is part of one of the most adventurous computer experiments yet conducted The French phone company has ordered 300 000 more consoles just like hers, the largest single contract for computer terminals ever signed. This month it will begin giving them away around the northwestern CITY of Rennes at the rate of 10 000 a month. For those who requestione the computer terminal will be a standard feature of their telephone looking up a number in the

directory, customers will simply turn on a machine and search for the number electronically

While her mother Michelle still complains that "the box 'is "not at all aesthetic" and rarely uses it Isabelle has quickly taken to the new technology She consults the electronic phone book at least three times a week, calling up lists of music halls, dance studios and movie theaters Whenever I need a phone book now, I always use the electronique, says Isabelle It's much quicker and a lot more fun

The electronic phone book offers the user far more services than a paper one To find a mechanic to fix the family car, he just types in the make of his auto and his address. The machine will then pro-de the name and location of the nearest ge grage servicing that model To speak to a fiend in America the customer presses another button and the screen shows a map of the world marked with the costs and dialing procedures for the different countries The telephone computer can find a name even if it is not being spelled

correctly Given the phonetic spelling of a name the computer provides the phone numbers and addresses of all the names that sound the same For example if the caller is looking for Jacques Legalle, but types Jacques Le Gal into the computer the machine will still come up with the right name

The French phone company maintains that the computer is also more economical in the long run. By mass-producing the tiny terminals, it has brought the cost of each machine down to \$320 still

considerably more than the



service replacing the local Isabelle Michalowski at the keyboard, and a page from the digital directory phone book Instead of 'Now I always use the electronique It's much quicker and a lot more fun

tronic phone book does not have to be replaced each year. It is also more accurate than the paper edition because the computer can be automatically and instantaneously updated By the time 25 million phone books have been printed and distributed about one-third of the information is no longer accurate

he electronic phone book project began two years ago with 55 volunteers in the north coast town of St-Malo Last year it expanded to include 1 500 families in and around the city of Rennes This year the phone company has been giving systematic demonstrations to local groups all through the region. The service seems to be catching on 'People come expecting something much more complicated than the simple machine we actually show them," says Jean-Claude Lance, a technician involved in the promotional campaign 'By the time the demonstration is over everyone asks, 'So when are you going to bring us these machines?

The idea of giving every Frenchman

who wants one his own terminal is part of the Paris government's aggressive push into computers Convinced that the technology is a key to industrial development in the 1980s and 1990s, the French are investing heavily in the field, building their own Silicon Valleys in Brittany and Lorraine The Ministry of Industry even had the Academie Française, which is the mighty guardian of the French language, approve a shiny new word to go along with the new hardware informatique Some French officials are already worned about new examples of dreaded I ranglais like le hardware and le software

Once the computer has gone in the front door as an electronic phone book, the I rench have all sorts of other plans for it. The same video console can be used for many services from remote-control banking to electronic mail to fingertip shopping The French are experimenting

with just about every conceivable application. In a test program in three suburbs of Paris 2,500 terminals have been installed that permit people to check airline schedules or place orders with mail-order catalogues using the computer Thirty farming villages between Bordeaux and Toulouse have terminals that dispense data about social security rights building permit procedures and agricultural laws Bank managers at Crédit Agricole a financial institution specializing in agricultural loans, can use 24 terminals in Brittany to look at the names, addresses and accounts of all their clients. In

Grenoble and Nantes users can tap two municipal terminals to summon information about military service student fellowships and job openings. In Paris, 120 hotels offer their guests 4,500 pages of electronic information ranging from gastronomic advice to the latest stock market quotes Next year major informatique programs are scheduled to begin in Amiens Lille and Nancy

French ambitions go beyond national borders In an effort to make Paris a world headquarters of the computer revolution the government has established the grandly named Centre Mondial Informatique et Ressources Humaines (World Center for Personal Computation and Human Development) Headed by Author-Politician Jean-Jacques Servan-Schreiber the organization recently lured to Paris four of America's foremost computer scientists. With that kind of expertise and top government support, computers of the future are likely to have at least a slight French accent —By Philip Faffick. Reported by Pam Schirmeister/Paris

Economy & Business

A Freeze Play at the Banks

The Mexican government nationalizes its faltering financial system

earing the green red and white sash that symbolizes Mexico's highest office a somber President Jose Lopez Portillo took the podium in the Chamber of Deputies of the Mexican Congress last week to give his final state of the union address before retiring in December. Lew political leaders have ever had to deliver a valedictory under such grim and humbling circumstances. Mexico's economy is staggering in a profound crisis that threatens the country's political and social stability. Inflation is running at 60% More than half the population.

lation is unemployed or working at marginal unskilled jobs like selling tortillas on street corners The value of the peso against the dollar has fallen by 80% since the beginning of the year Teetering on the edge of national bankruptcy. Mexico can no longer meet the payments on its chormous \$80 billion foreign debt the largest of any developing nation without new emergency loans. The US has become deeply concerned out of fear that Mexico's turmoil could damage the American economy

As millions of Mexicans watched on television Lopez Portillo spoke for nearly four hours in a booming voice that faltered only near the end. We face great dangers now the ad-

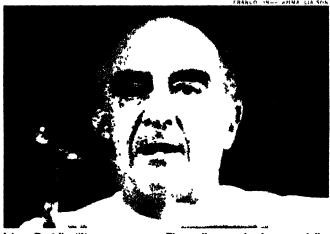
mitted Down-plaving his own responsibility he argued that the economic troubles had been triggered by an unforeseen decline in world petroleum demand which cut deeply into Mexico's revenues from oil exports. Then in a vehement attack on Mexico's financial establishment the President charged that the country's problems had been intensified by businesses and speculators who had invested their money outside the country. Said he

A group of Mexican supported by the private banks have taken more money out of Mexico in the past two years than imperialists ever exploited during the entire history of our country. Mexicans he declared now have at least \$14 billion in foreign bank accounts mostly in the US and \$30 billion in American real estate.

Amid a crescendo of applause from supporters I opez Portillo announced that his government was nationalizing all Mexican banks and imposing strict curtency controls to stop the flight of capital from the country. It is now or never the said. They [the speculators] have already

plundered us But Mexico is not finished. They will never plunder us again.

The reaction to Lopez Portillo's bold plan was sharply divided Bankers and some businessmen were outraged Said Carlos Abedrop Davila president of the Association of Bankers of Mexico. Nationalization of private banking will aggravate the current crisis. The government's top banker Miguel Mancera Aguayo director of the Bank of Mexico promptly resigned apparently in protest over the nationalization. Labor unions and left-wing political groups however.



hours in a booming voice that López Portillo: "It is now or never. They will never plunder us again"

faltered only near the end. We Staring at bankrupter the country cannot pay its \$80 billion debt

praised Lopez Portillo. We believe that these measures will strengthen the economy said Jose Dorantes Segovia president of the Labor Congress.

Lopez Portillo's drastic program is designed to help ease Mexico's severe shortage of US dollars the main currency of international trade. In recent months Mexico has not earned enough dollars from its exports to pay for imports and keep up with interest on its foreign debt. That imbalance has helped drive down the value of the peso against the dollar. In the meantime, wealthy Mexicans, fearful that drastic moves like last week's nationalizations might soon take place, have been making the problem worse by sending money to foreign banks.

By controlling the banking system, the Mexican government hopes to slow the currency outflow. Under regulations now in force, most dollars in Mexican bank accounts a total of about \$12 bilton will be frozen and not allowed to leave the country. People who withdraw their money must accept it in pesos.

Many Mexicans doubt that the exchange controls will work. They foresee the growth of a vast underground network for illegal trading in dollars. Says Ricardo Pascoe, a spokesman for the Revolutionary Workers Party. My feeling is that it's nearly impossible to control the black market. American experts on Mexico share, that skepticism. Says. William Cline, a senior fellow at the Institute for International Leonomics in Washington.

I xchange controls are troubling. As a general rule they don't work very well, and in the special case of Mexico, they ll

be even tougher to enforce because of that country's long border with the U.S.

The seizure of banks by the Mexican government may also be ineffective or counterproductive After Liench President François Mitterrand nationalized his country's banks in February many edgy foreigners pulled bank deposits out of France and that helped push the franc to record lows. Bruce Bagley an associate director of the Johns Hopkins School of Advanced International Studies thinks investors will be even more hesitant to keep money in Mexico's nationalized banks because of the government's reputation for corruption

Both within and without Mexico there is wide agreement that Lopez Portillo is attacking the symptoms of his country's disease rather than the root causes for which many assign him the blame After taking office in 1976 Lopez Portillo launched an overly ambitious industrial expansion program and lavished money on an effort to transform the country into a Third World power He provided cheap oil and other aid to Cential American neighbors Riddled with corruption his government has a payroll loaded with jobs that do not really exist Lopez Portillo's extravagance unleashed Mexico's virulent inflation

hree weeks ago the Mexican government rocked the international financial community by declaring that it could no longer afford to make payments on its \$80 billion debt. Knowing that a Mexican default could destabilize the entire global monetary system, the central banks of the leading industrial countries last week announced a new short-term loan of \$1.85 billion.

ued unease about Mexico's finances and a rumor that Argentina is also close to default helped send the price of gold and ondon up \$50 in two days week, to \$455 per oz

Mexico has asked for a shillion loan from the International Monetary Fund, but the aid is likely to be granted only if the country adopts new austerity measures to improve its balance of payments. Such moves might include higher taxes and a sharp cutback in government spending While helping Mexico's credit rat-

ing these steps would also boost unemployment Lopez Portillo gave no specifics of a new austerity program in his speech Making unpleasant economic choices will soon be the job of his hand-picked successful Miguel de la Madrid Hurtado who will take office in December

The US has much to fear if De la Madrid fails to revive Mexico's financial fortunes. I conomic chaos in a country that has a 2000-mile-long open border with the US would inevitably cause problems for the American economy Warns Rimmer de Vijes chief international economist of Morgan Guaranty Trust Co. Mexico and the US are so thoroughly integrated that we have to consider it financially a part of the US.



government spending. While. When the worldwide demand for oil dipped, revenues from exports stalled

American banks hold almost a third of Mexico's foreign debt. Should Mexico go into default several institutions would be hard hit including Citibank and Bank of America, which each loaned the Mexicans as much as \$2.5 billion.

Shock waves from the Mexican economic slump have already jolted dozens of American border towns from the Gulf of Mexico to Southern California Merchants in these communities have long depended for much of their business on Mexicans coming across the border to shop Now the value of the peso has dropped so low that Mexican purchasing power has dried up

At the TC Worthy grocery store in Calexico Calif, business has plunged

40% in the past month Complains Store Manager Gaston Lopez "We used to be busy all day The four registers never stopped ringing But I've had to lay off two cashiers and the other two are working 40-hour weeks instead of 50' Says Wilfred Madrid a department store owner in El Paso "My business is off 80%. It's dead out there in the streets and its like a morgue here in the last week the US store Small Business Administration set up a \$200 million loan program for merchants

devastated by the falling peso

The American Government has also moved decisively to aid Mexico. The U.S. Commodity Credit Corp is guaranteeing \$1 billion in private bank loans for Mexican companies to buy American agricultural products. In addition, the Reagan Administration has agreed to give Mexico an advance payment of \$1 billion on future oil deliveries for the U.S. strategic petroleum reserve. The hope is that this cash transfusion will help give Mexico enough time to turn things around. Washington realizes all too well that a Mexican economic collapse would be too close to home for comfort - By Charles Alexander. Reported by Jay Branegan/Washington and Laura López/Mexico City

Making the Great Escape

exico's economic crisis is not just a matter of concern for big-city bankers. It has also hit Maria Luisa de Lopez, the mother of seven children, who has illegally crossed the Rio Grande in search of a day's work as a maid in El Paso Said she 'Potatoes, beans and chili peppers—that's all we can afford to eat. There's no meat, eggs or milk for us. I'm giving my children only one meal a day."

Mrs de Lopez is one of a record number of illegal immigrants pouring daily across the 2,000-mile-long US-Mexican border in search of new jobs and new lives Before the recent economic troubles began, there was a steady stream of aliens entering the US from Mexico Now this stream has become a flood that is deeply disturbing US labor leaders,

who fear that the new arrivals will accept low wages and take jobs from American workers at a time of high unemployment. More than half a million Mexicans made the crossing in 1981, and border police expect a much greater influx this year. Says William Chambers, director of the Immigration and Naturalization Service office in Dallas "Mexicans are now in a situation where they can hardly exist. They are desperately trying to make a living."

US Border Patrol agents caught more than 34,000 illegal aliens trying to enter Texas last month, or about 23% more than a year ago. Last week agents armed

with infrared scopes that can spot movements in the dark apprehended nearly 1,200 Mexicans near San Diego in one day alone

Women, children and grandparents are caught regularly, but most of the immigrants are young men of working age Jack Richardson, chief patrol agent of the Del Rio, Texas, sector on the border, recently polled 364 arrested aliens and found that 67% were under 26

Droughts at this time of year have dried the Rio Grande to a trickle at many points and turned the riverbed into a soggy avenue of escape Illegal aliens who are disparagingly called wetbacks because they have to swim across the river, can now cross at El Paso by wading through knee-deep water Once on the other side, they dash into town and quickly melt into the general population. In other places the immigrants must still swim, row boats or paddle across the river in

rubber inner tubes. Their greatest worry is always the border agents patrolling in vans helicopters and light aircraft.

A breed of entrepreneurs has sprung up along the river to make the crossings easier. At El Paso, Manuel Banuelos Rubio carries people over the border on his back for a few pesos a ride. He has found that some people try three or four times before they eventually outwit agents. Mexicans who are arrested in the U S are given the choice of either returning home or facing trial. Almost all choose to go back and then simply cross again and again, until they finally make it.



year ago Last week agents armed Wading across the Rio Grande outside El Paso

TIME, SCPTFMBER 13, 1982 43

Economy & Business

An End to Generosity

As aid falls, the near rich get poor and the poor get poorer

n Togo and Senegal, soil rich in natural fertilizers has been dug up and sold on world markets at such a rate that food now has to be imported in huge quantities In India, despite a much praised Green Revolution that has produced a surplus of crops for export, nearly 350 million people live at near-starvation levels. In Pakistan, 80¢ of every \$1 of new foreign aid goes to repay past borrowings Guyana and the Dominican Republic are bankrupt Throughout the developing world 40,000 infants die of disease malnutrition and starvation every day. I rom Kenya to Brazil and Taiwan to Sri I anka economic crises of varying degrees are forcing a reassessment of development strategies

The optimism that animated the Third World in the 60s and 70s has been displaced by a pall of fear and uncertainty in the 80s

The change has been abrupt When the OPIC oil price shock of 1973 sent the industrialized economies into a tail spin of inflation and recession, Third World development was not immediately affected Over the next seven years the 100-odd less developed countries (LDCs) of the so-called South continued to grow at an average annual rate nearly double that of the richer North -46% vs 25% Now, in the wake of Mexico's financial crisis and on the eve of this week's annual meeting of the World Bank and the Invastly different Growth rates

have slumped middle-income countries are cutting once ambitious development projects, and in the vast economic wasteland south of Africa's Sahara the poorest of the poor nations are losing the battle to stamp out the ravages of weak health and endemic hunger. In the 30 years since development began in earnest, the prospects

have never seemed so grim

The causes of the downturn are generally agreed upon The world suffered a second OPEC oil shock in 1979 and this time several factors that buoyed the Third World in the 1973 crisis no longer applied The recession in the industrialized world has been sufficiently severe and drawn out to cut demand for LDC exports and increase the threat of protectionism Commodity prices the mainstay of nonindustrial poor nations have slumped after remaining generally firm throughout the 1970s At the same time, high interest rates and already ballooning debt burdens have made commercial-bank loans more

expensive and difficult to obtain Perhaps most important of all, aid has become scarce according to the World Bank government contributions dropped in 1981 for the first time ever, from \$27.3 billion the previous year to \$25 5 billion

Nowhere is "aid fatigue" more apparent than in Washington The US is the largest and most generous donor of all in absolute dollar amounts, but it has often been criticized for giving a far smaller percentage of its G N P than many less affluent nations. The United Nations asks that rich countries set aside 7¢ of every \$1 000 of national income for foreign economic aid Several nations, including Norway The Netherlands and Sweden, already

ternational Monetary Fund in India, squalor and starvation in the shadow of Bombay high-rises

in Toronto the outlook is Despite the Green Revolution millions live at near-starvation levels

give far more But the US contributes only 2¢ and the lion's share of that goes to strategic allies such as Israel and Egypt Now President Ronald Reagan facing yawning budget deficits rising unemployment and public outcries that charity begins at home is making no secret that this figure may be trimmed even further

It will not be the first time US aid was reduced last year by 26' ?, to \$5 8 billion In addition, Washington stunned the developing nations with its decision to renege on a Carter Administration commitment to fund the World Bank's International Development Association (IDA), the bank's important "soft loan" affiliate that is virtually the only source of low-interest loans for the least creditworthy I DCs Instead of providing a promised \$3.24 billion in three equal installments in 1981 '82 and '83, the US rearranged its payments so that smaller amounts came in the first two years. As other donors decreased their contributions proportionately, the \$580 million US

shortfall for 1981 cut IDA funds by \$1 5 billion The result, says World Bank President A W Clausen, was a 35% cut in spending "That's not a trimming process," he says that samputating a program And who is the amputee? The human individual multiplied by millions in the poorest developing countries

Fortunately for the Third World, Washington's aid policies are not being copied everywhere Britain, under budget-conscious Prime Minister Margaret Thatcher, will let development spending fall 2% by next year but both I rance and West Germany are planning to boost the level of their handouts. Even Italy with one of the poorest economies in Western Europe, has actually increased its contributions Japan early last year pledged to double its aid by 1985 which would probably make that nation the second largest giver after the U.S. What these countries realize, and what the US has apparently woodfin Ame forgotten, is that there are

compelling even selfish arguments for giving aid

As Americans have learned from Israel's tendency to ignore Washington's wishes in the Middle East aid does not always win firm follow-my-lead allies. But it does secure trading partners Amid the rising outery in the developed world for protectionism against low-priced LDC imports one fact is often obscured The US Japan and the European Community send more than 20% of their exports to the Third World and indeed, many of the fastest-growing export markets for the US are in the developing world The linkage is obvious if the developing world suffers economic hardship the developed countries exports

slump, factories close and jobs are lost At the same time, a major share of the raw materials vital to the developed economies lie in the poor South Zaire is tich in cobalt, Gabon in manganese Zimbabwe in nickel and Guyana in bauxite. At best, a slowdown of growth in these countries could disrupt supplies. At worst, it could result in chaos and revolution Warns General Constand Vilioen chief of the South African Defense Force "Hunger is the great destabilizing factor Where instability exists we usually find the terrorist in the forefront and the Communist

Behind the disputes over the quantity. of direct and indirect aid that should be given are disagreements over the gravity and unique nature of the crisis now facing the I DCs The U N (onference on Trade and Development (UNCTAD) argues that the situation is the 'gravest crisis facing the developing countries since the Great

Depression " James Grant executive di-

not far behind "

rector of the UN Children's Fund (UNI-CEF), calls it "a crisis of civilization, a serious erosion of the belief that continued progress is possible "Says he "Not in a gration have the expectations of world d elopment—and the determination to ccanue the progress—been at such a love bb

Other experts, however are more optimistic Both the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD) and the World Bank believe that the LDCs are now at the bottom of a cyclical trend that will be reversed--in time 'There is a crisis," declares Munit Benjenk, the World Bank's vice president of external relations, but it is not a crisis of development. The development process is working well. What has gone wrong is that there are now some obstacles in the way of development and many ways those obstacles are in many

The most telling such barriers are the

worldwide drop in commodity prices and the worsening debt crisis Mexico's financial crunch has sent shock waves through an international banking system already worried about IDC debts, which exceeded \$500 billion at the end of 1981 Now banks that used to fall over each other to lend money to the Third World are showing a new wariness, and with reason Debt charges on floating-rate loans have risen in line with Western interest tates Last month, even be-fore Mexico's crash, Euromoney, a respected financial monthly, predicted that some 20 international borrowers could default on payments this year

ing harder to get the devel-

oping nations' own internal funding has been devastated by the slump in commodity prices While the cost of oil, and oil-based fertilizers, has risen, world prices for tea, coffee, cocoa, sugar, cotton, tobacco, sisal copper and uranium-all primary exports of many LDCs--have dropped by as much as 40% over the past twelve months

Even in such desperate circumstances, development aid has many critics there have after all been some spectacular failures In the 1960s, development agencies favored aid that encouraged hasty industrialization in essentially agricultural coun-Jues Now these nations cannot export and se I the manufactured goods they are makin I for enough cash to buy the food they nyæd LDCs around the world abound with examples of new hospitals dams and tractors that are poorly suited to basic needsparamedics, local wells, irrigation ditches and ox-drawn plows-of poor villagers

Still, there is evidence that develop-

ment works "Fifteen years ago India was suffering mismanagement of industry. says the World Bank's Benjenk "People were starving, and famine continually threatened Now, notwithstanding the fact that the population has increased by 150 million, they feed themselves" The change came when New Delhi, with the help of the World Bank and other aid donors, made agriculture a top priority New wheat strains were introduced farmers were given technical advice. marketing systems were established Says Benjenk 'It did not happen by accident Another case is South Korea, which in the 1950s was generally seen as an economic disaster Today, despite some problems, the nation is a powerhouse of relatively high industrial growth

Perhaps the most impressive case for development can be seen in the figures for some key Third World health and social indicators. In the LDCs between 1950 and 1979, infant mortality fell from 28 per 1,000 children to twelve The literacy rate

CONTRACTOR OF

At the same time that in Halti, a child suffering from mainutrition gets a hospital meal commercial loans are becom- Helpless poverty in an economy plagued by high debt and corruption

in those nations rose from 33% to 56% Life expectancy jumped from 43 years to 58, a level attained by the industrial world only in the 1930s Some countries have done especially well Sri Lanka, which for decades provided free health care and education, now has a literacy rate higher than that of Washington DC

he payoff in human and economic terms is immense Educated mothers feed their children better Literate workers and farmers can use and absorb technology more easily Longer life expectancy keeps trained workers on the job for more years UNICEF's Grant notes that the final push against smallpox in the 1970s cost a total of \$100 million, of which the US put up half That investment now saves the US \$100 million a year in money that would have gone to fund immunizations, medical inspectors and quarantine facilities

But despite the impression of inexora-

ble and widespread progress, the Third World is hardly homogeneous On the upper tier lie a number of newly industrializing countries desperately concerned not with survival but with maintaining the past pace of development For them, the aid crisis means delayed dreams, budgetary austerity, concern over already high debt and the risk of social unrest as expectations go unfulfilled

In Sri Lanka, a grand array of ambitious and expensive long-term development projects, including five large hydroelectric plants on the Mahaweli River, helped undermine the country's brief experiment with a free-market economy Inflation is running at 40%, the trade deficit is 21% of G N P and the government is struggling with an IMF-orchestrated clampdown on spending Colombia, which was once hopeful of becoming the 'Japan of South America," is also reassessing its spending priorities, while in Brazil, where a 5% slump in growth and 96% inflation have generated the worst

MARK -- MACHUM economic conditions in 40 years, development dreams have turned into nightmares Economic growth has tumbled in Kenya, where the world's highest population explosion bedevils development hopes, as well as in Taiwan, South Korea and Zimbabwe India, the world's largest single recipient of economic aid, still suffers from a population growth that erodes economic progress, dooming millions to poverty

Though these problems make the recession in the industrial North seem a minor ripple, the almost rich countries are in a better position than the rest of the Third World In most cases, growth will be resumed with little long-term hardship same cannot be said for the

lower tier of 30 or so poorest LDCs, the economic basket cases, where industrialization remains a far-off dream and mass starvation remains a constant threat

In Bangladesh, 80% of the country's 90 million people live in poverty, and the population growth rate of 26% a year undercuts whatever progress is made in boosting food production. The country survives on foreign aid which has increased from \$551 million in 1972 to \$1.1 billion in 1981 Still that level represents a drop from \$7.40 to \$2.60 on a per capita basis The Latin American nations of Guyana Haiti and the Dominican Republic are in similarly dire straits Pilloried by commodity price slumps, balance of payment problems and at least in Haiti's case, corruption and the regime's incomprehensible economic policies, large proportions of the populations live in hopeless poverty Despite such pressing need, the US's Caribbean Basin Initiative of special aid to the region is still bogged down in Congress

Nowhere is the situation more alarming than in black Africa south of the Sahara, where 21 of the world's 31 least developed nations suffer from meager natural resources, weak administrative and management structures and a legacy of anticolonial strife. Here the brave, decade-old hopes of an economic takeoff have died The World Bank admits that even before the current aid crunch this region was falling behind Civil conflicts and wars of liberation' in Mozambique Angola Namibia and Chad, waves of refugees from Ethiopia and Uganda to the Sudan and a refusal by Tanzania to bow before IMI demands for economic austerity have worsened the outlook Overgrazing deforestation and a lack of expensive fertilizers have combined to turn approximately 12 000 sq. mi. an area the size of Belgium into desert each year. Still many problems are not the result of past mistakes," says Paul Streeten director of Boston University's Asian Development Center The population explosion he notes is made worse at least partly by the decline in mortality rates Says Streeten 'There is a new problem for every old solution

Sometimes the receiving countries themselves are their own worst enemies. Widespread corruption dilutes aid Internal funds that could go to development are diverted to buying weapons. Indeed the Third World as a whole spends on arms about 2½ times what it receives in aid. I thiopia where the I ood and Agriculture Organization reckons that one per son in three is underfed maintains a regular aimy of more than 250 000 men. Tanzania spends more than \$6 000 to equip and train each of its 27 000 soldiers but only \$17 per citizen for education and health.

With millions civing out for progress and salvation from poverty some aid economists now propose a triage solution to the problem. The term originated in World War I field hospitals which divided the wounded into three categories according to the severity of their injuries, and then concentrated on helping those most likely to survive. The idea has a certain logic for donor nations eager to see the best results for their money but many international development officials abhor the notion. It is not an acceptable concept for a civilized community' argues Benjenk When states are involved you don't give up 'You can keep people from starving- -what you are buying is survival explains Edgar Kroeller of the OFCD's Development and Cooperation Directorate 'The best thing we can do for the Third World now is to grow as much as possible ourselves Says Hans Mast, Credit Suisse executive vice president. As the world economy picks up there should be something left over 'But that is far from certain -By Jay D. Palmer. Reported by Jay Branegan/Washington and Alistair Matheson/Nairobi with other bureaus

Making It into the Top 30

American Express is added to the blue-chip stock index

merican Express last week joined the most exclusive club in US business the often quoted Dow Jones index of 30 leading industrial companies. No one was more surprised than Amex officials when they learned that they were replacing the ailing Manville Corp on the blue-chip list that includes Exxon General Motors AT & Tand other giant firms. Said Amex Chairman James Robinson III. We are simply delighted. Added Sanford Weill chairman of the firm's executive committee and Shearson. American Express, the second largest US brokerage. I pinched myself to make sure it was true.

The addition of American Express (1981 sales \$7.2 billion) startled many Wall Streeters since it was the first financial firm to join the so-called 30 industrials. The new arrival though reflected

Originally a carrier of mail and general goods between the East and the Midwest Amex introduced the first traveler s check in 1891. The business has been a bonanza for the firm which charges a 1% fee for issuing the checks and then puts the cash it receives into high-yield investments. Competition in the field is now fierce, but Amex still has about half of the estimated \$40 billion annual business.

Although Diners Club first issued credit cards in 1950, American Express leaped ahead after introducing its green card in 1958. The firm now has some 14 million pieces of plastic in use against about 2 million for Diners Club Visa and MasterCard which issue their cards through banks are fai bigger. Each has about 70 million cards in circulation But Amex insists that its members are



James Robinson III, left, and Sanford Welli guide the newest member of the most exclusive club

Managing a corporate giant whose products range from credit cards to The Toy of Sex

the trend of the U.S. economy away from the smokestack industries and toward services

While the 132-year-old Amex is mainly known for its credit cards, traveler's checks and a worldwide network of travel agencies those businesses now account for only about 35% of the company's profits which totaled \$518 million last year. The largest slice of earnings nearly 40° c came from I treman's I und Insurance Cos the world's largest insurer of movie productions and the eighth biggest American property and liability underwriter The brokerage business from its subsidiary Shearson contributed an additional 20% to earnings. Other parts of the diversified corporate empire include Mitchell Beazley Ltd the British publisher of the bestselling manual The Joy of Sex, and half ownership of Warner Amex Cable Communications Inc., which has more than 1 million cable-television subscribers in 27 states

more affluent and use their cards more often

Amex paid nearly \$1 billion in stock for Shearson last year and became a grant in the new financial services field Shearson American Express has already introduced a new account that combines a charge card biokerage services, checking and money-market funds into a single package

Since the Dow industrial index was first established in 1897 the company has periodically updated the list of companies. The most recent changes were made in 1979, when IBM Corp and Merck & Co were added in place of Chrysler Corp and Esmark Inc. In the latest round, Dow Jones briefly considered adding Weyerhaeuser Co, a lumber producer, or Hewlett-Packard Co, an electronics firm, but finally decided that a financial services concern would best represent the changing structure of American business

Economy & Business



Angry steelworkers in Pittsburgh protesting the company-proposed concessions that could cost them as much as \$6 billion in lost benefits

Labor's Downbeat Labor Day

Unions fight a decline in membership and new wage concessions

t was on a forgotten day in May 1882 when Peter J McGuire the energetic president of the United Brotherhood of Carpenters and Joiners of America and a leader in the Knights of Labor first publicly proposed that a holiday be set aside to give special honor to the industrial spirit of American workers McGuire thought that the day should be halfway between Independence Day and Thanksgiving so that it could be celebrated in pleasant weather. Thus on Sept. 5, 1882. 10,000 workingmen risked dismissal from their jobs by marching to Union Square in Manhattan According to a contemporary account in Frank Leslie's Illustrated Vewspaper Their orderry appearance and sobriety of manner won hearty applause from the spectators who lined the sidewalks

One hundred years later workers were scheduled to gather again in New York City on what has become the legally recognized holiday of Labor Day This latest celebration of the industrial spirit however could not obscure the fact that the fortunes of organized labor two sunk to their lowest level in half a cuttury. The Great Depression in the 1530s was the impetus for the greatest pish toward unionization in American history, but the economic crisis of the 1980s threatens to undermine the organized labor movement.

The number of union members has fallen from 22 8 million in 1978 to 22 4

million in 1980 the last year for which statistics are available. What is more dramatic their percentage in the work force has fallen almost continuously for more than a decade, from 25.2% in 1968 to 20.9% in 1980. Since 1975 unions have lost more elections to represent new companies than they have won

The most heavily unionized industries such as automobiles steel mining and railroads have been in decline. While organized labor has been expanding into other sectors of the economy including high-technology manufacturing and ser-

Demonstrating in Detroit for more jobs



vice industries it has not been able to keep pace with the fast employment growth in these areas. I also has also been slow in attracting the millions of women who are entering the work force and it has lagged in signing up workers of all kinds in the growing Southwest and West. The AFT-CIO is coordinating i \$1.2 million campaign of local unions in the Houston area to win members, but the project has got off to a slow start.

The public image of unions has perhaps never been lower. Organized labor is blamed for making the U.S. less competitive in world trade for contributing to inflation and for hampering increases in productivity by demands for high wages schiority protection and restrictive work rules. Several unions, like the Leanisters and the International Longshoremen's Association are believed to be dominated still by organized crime.

There are no visible signs of an early upturn in labor's fortunes. The weak US economy is likely to keep unions on the defensive. I ast week the Government released figures showing that unemployment remained at 9.8% in August, the highest level since 1941. The number of jobless workers in the US now stands at nearly 11 million. Laments. William Winpisinger president of the International Association of Machinists and Aerospace. Workers. You cannot organize workers who don't have jobs.

During the years of heady economic growth during the 50s 60s and early 70s organized labor generally fulfilled an unwritten compact with its members by getting them more of everything With

the implicit partnership of employers, who often agreed to an expensive settlement rather than risk a painful strike, union leaders regularly won new contracts for the rank and file that guaranteed more pay, better benefits improved working conditions and additional days off

No longer Falling profits foreign competition plant closings and layoffs have forced a dramatic change in the relationship between management and labor in some key areas. Union negotiators must now trade higher wages for job security, testrictive work rules for improved productivity, cost of living escalators for guarantees against plant shutdown. Over the past 18 months workers have been forced to take less not more in the automobile, steel rubber airline meat packing, printing trucking and newspaper industries. Top union leadership claims that this is an inevitable consequence of the re-



United Auto Workers President Doug Fraser
"These may be the unions hardest times

cession Says AII-CIO President Lane Kirkland There are pressures that exist in this environment and no one is immune from them

Other experts though, say that the paybacks represent a permanent deterioration in the power of unions Says Malcolm Denise a labor lawyer and former head of labor relations at Ford Motor Co. "Unions are experiencing a long-term decline because of shifting employment patterns I don't see them disappearing from the industries that they have dominated though some of those industries may disappear David Lewis, a professor of business history at the University of Michigan, supports that view Says he The prognosis is not good. Blue-collar workers have moved to the suburbs and lost interest, and unions have never found the key to organizing white-collar workers

With organized labor at its weakest point in years, companies are flexing their muscles as never before. Negotiators representing eight major steel producers last month turned down a union offer to give up \$2 billion in wage and cost of living in-

creases over three years Management held out for concessions worth \$6 billion By taking a hard line, the companies are risking their first strike in 24 years when the current contract expires at the end of next July Yet with the steel industry still suffering from excess capacity and slack demand the union has little leverage in the talks

Companies and unions have always existed in a peculiar symbiosis and many people hope that hard economic times will bring them closer together Particularly in Detroit, there is talk about labor cooperating with management to build better cars more cheaply. Workers now sit down in quality-control groups to discuss ways to improve production and pass along moneysaving tips to plant managers Last month, Ford Motor Co Chairman Philip Caldwell flew to Norfolk to tell 946 union workers that the reason their plant has remained open is that it builds better quality pickup trucks than other Ford plants

ven so the shared misery of economic hard times does not always lead to better management-worker relations. In the early 70s General Motors Lordstown Ohio, assembly plant was the leading example of 'blue-collar blues a malady caused by repetitive, dehumanizing assembly-line work Today Lordstown workers are angry because of the wage and benefit concessions they have been forced to accept Says Bill Bowers vice president of United Auto Workers Local 1112 'The people in this country expected us to do something to help the auto industry and the consumer. But the contract that the union brought back to the rank and file was distasteful to 48% of our members. It left a bad taste in our mouth' Bernie Brown the plant personnel director agrees Says he When you have had an adversary relationship with the UAW for 45 years it's very difficult to change it

Former Labor Secretary John Dunlop now a Harvard University professor does not believe that labor and management will eradicate their basic antagonisms Says he 'I rather think that unions attitudes are Well this is management's inning. We've got a recession There'll come a day when we'll get our innings again Dunlop believes that unions in ailing companies were wise to go along with concessions, but he does not expect other workers to follow suit. Dunlop flatly dismisses any argument that the recession will lead to any Japanese-style harmony between unions and industry 'Any notion that this is transforming American labor relations or that people are now going to be more cooperative and less confrontational I regard as completely wrong

UAW President Douglas I raser, 65, is the union leader who has been most intimately involved in labor and management's struggle with the issue of conflict or cooperation Since May 1980, he has been a member of Chrysler's board of directors and it was Fraser who urged his members to accept wage concessions in 1979 so that Chrysler could qualify for \$1 5 billion in Government loan guarantees. He has also backed reductions in pay increases to help Ford and General Motors. But at the same time Fraser must figure out how to keep his membership satisfied. He is leading the union negotiations with Chrysler for a new contract to replace the one that expires on Sept 14 Says he "These may be the hardest times since unions were organized in this country

Such a statement is undoubtedly true for the UAW Its membership has tumbled from 1.5 million in 1979 to 1.2 million today. Over 250,000 of those workers are laid off and most have dim hope of regaining their positions. At the same time, the influx of new members has virtually dried up because any auto-company hiring is now almost exclusively from the ranks of the jobless.



AFL-CIO President Lane Kirkland
The old compact was for more of everything

Like many workers of his generation Fraser has been a union man all his life Born in a Glasgow Scotland, tenement, he immigrated to the US when he was six and later like his father went to work in a Detroit automobile plant During the strong union years. I raser helped get extensive benefits for his members. He won early-retirement pay for autoworkers in 1964 and safety and dental-care programs in 1973. Says a senior autocompany official "Fraser is a very bright, shiewd guy with a pretty good feel for his constituency."

On the surface at least Fraser seems unchanged by the regular meetings he attends in the Chrysler boardroom. Unlike other directors, he does not accept the loan of two free Chrysler cars. Last month he lashed out at corporate America and the captains of the auto industry specifically for continuing to support the Reagan Administration's economic program. In an effort to create jobs for union members, he is leading a congressional lobbying effort for a bill that would force the two largest Japanese auto manufac-

Economy & Business

turers, Toyota and Nissan, to build cars in the US

But at the same time, Fraser recognizes that unions cannot just stand still and hope that their problems will go away While working to safeguard the benefits of his members, Fraser is willing to accept change Says he "Automation and robots are an inevitable trend You can't resist the introduction of robots or else you forget all about competition with the Japanese But it has to be done in a rational civilized way"

Despite all labor s troubles, there are a few bright spots in the movement. The Communications Workers of America for instance is solidly entrenched in the blossoming telecommunications industry and has formed a 13-person commutee to plot future strategy. One of its objectives is to organize skilled microelectronics workers who unlike in the past will keep their union cards when they change companies and even industries. The United Food and Commercial Workers last year had their best organizing year in history winning 63 767 new members Says Union President William Wynn These workers opted for the protection of a union contract in the face of genuine fears about losing their jobs

Experts maintain however that unions can do still more organizing in the mushrooming service industries. Says Professor Oscar Ornati of New York University's Graduate School of Business Administration. There will be unionization regardless of how unions are doing in the most decade there will be unionization in areas that we don't even think of banking financial services. The people who work in these areas are becoming the factory workers of today.

Some of labors leadership clearly recognize the problem they face Says Glenn Watts, president of the 650 000-member Communications Workers of America. Unions must be prepared to change with the times or they run the risk of being run over by them. Watts suggests, for example, that unions in the future should be less preoccupied with protecting specific jobs for their members and more interested in setting up training programs so they will always have market-oriented skills.

Unions fulfill an essential function in American economic life. Within the large corporations that increasingly dominate business, there will always be a need for some formal method of dealing with problems between workers and management Even in largely nonunionized companies like Motorola and Northrop Corp a framework exists for handling those issues. The challenge for organized labor will be to convince a new generation of workers that they are best served by wearing the union label.

——By Alexander L. Taylor III.

Reported by Gisela Bolte/Washington and Paul A. Witteman/Detrolt



U.S. Securities and Exchange Commission Chairman John S.R. Shad discussing agreement

Peeking into Those Swiss Vaults

Loosening the bank-secrecy laws in cases of insider trading

Commissioner Barbara Thomas 'What we have done is got the Swiss to cooperate with us to help fight insider trading and preserve the integrity of international banking I'm elated '

Thomas had good reason for elation After six months of negotiation the US and Swiss governments last vieck jointly announced an agreement that will make it harder for criminals to hide behind Switzerland's strict banking-secrecy laws. The accord marks the first time that Swiss authorities have agreed to cooperate in tracking down those who break US laws against trading securities with insider information. Said Thomas Insider trading has been proliferating at an alarming rate. But the agreement we have made with the Swiss should prove to be a significant deterrent.

In the past two years the Securities and Exchange Commission has prosecuted more cases of insider trading than it had in the previous 40 years. Two of the most important ones involved investors who had bought stock in St. Joe Minerals and Santa Fe International just before the companies became takeover targets. The traders then made large profits after the merger bids were announced. In both cases, American investigators, followed trails leading to Swiss banks.

Last week's agreement outlines a complicated procedure by which the St (in cases of insider trading is allowed to make a formal request for information to Swiss authorities through the US Justice Department Under the new ac-

cord Swiss banks will now ask customers who wish to trade in American stocks to sign a waiver that would allow the banks to reveal their names if they are suspected of insider trading. Without that waiver Swiss financiers under the country's bank-secrecy law would face up to six months imprisonment or a fine of up to 50 000 Swiss francs (about \$23 600). Switzerland's famed banking-secrecy laws date back to 1934 when they were passed in order to protect Jewish account holders from Nazi persecution.

SIC General Counsel Edward Greene said that the new accord will make it easier to solve the cases quietly Said he. The alternative if we suspect insider trading is to sue the banks, which is public freeze their funds which is public and subject them to embarrassment. The agreement provides a procedure whereby we can conduct an investigation privately and keep the funds frozen until we can work out disclosure of the information. The banks would rather work things out in private So would we. And that sithe beauty of this decision.

Nonetheless, some banking experts maintain that the agreement will not deter insider trading but merely force the illegal transactions to be conducted in other banking havens such as Liechtenstein Panama or the Caribbean Says Paul Erdman a bestselling financial novelist (The Crash of 79 The Last Days of America) who spent ten months in jail for violating Swiss financial laws 'Insider trading will just have to be done a little more cleverly now

TIME, SEPTEMBER 13 1982 49

Cinema

The Price of Redemption

INGRID BERGMAN 1915-1982

462 was given courage, a sense of adventure and a little bit of humor I have had a wonderful life. I have never regretted what I did 'The odor of bitter irony. intentional or not arises from this simple declaration by Ingrid Bergman She was a wise sober and gifted woman wryly selfaware in a manner unusual in her profession gallant in a way that is tare anywhere But once many years ago she had an extramarital affair with one of her directors - an event not without precedent in human history - and the shape of her life and her career was distorted forever

Here she was in 1949 an Academy Award winning actress for the preceding three years one of the two most popular female stars in America (the other was Betty Grable) going off to Italy to make Stromboli with Neorealist Master Roberto Rossellini Soon there were hints that something more than professional respect informed their relationship rumors devastatingly confirmed by the illegitimate birth of her first child by Rossellini Her first husband won custody of their child in an ugly divorce action, there was a victous denunciation in the U.S. Senate and finally what might have been the best years of her career were blanked out before timorous Hollywood let her come back in 1956 playing a woman safely desexualized by old age in Anastasia

What all that cost her emotionally she never fully explained because she never directly answered her moral critics. But the cost to her work is obvious. Her career regained some momentum, but never again the mature and more interesting direction in which it once seemed to be heading. Until the day she wrote Rossellini a letter offering to work for him, she had enjoyed a lucky life. As a Stockholm teen-ager, she got the first movie job she ever tried for By the time she turned 24 she had made eleven movies including Intermezzo in which she played a young planist who has a bittersweet affair with an older man a famous violinist David O Selznick had bought the remake rights in 1939 and brought Bergman to Hollywood to re-create her role opposite Leslie Howard. The film made her a star and Selznick made an image for this shy frugal occasionally awkward young woman no makeup no eyebrow plucking no glamorizing. It was a fresh angle and it worked especially well in the wartime 40s when frivolous excess was regarded as unpatriotic. The guighing approval of the women's clubs and pictures like The Bells of St Mary s and Joan of Arc were almost inevitable

They had put me on a pedestal' Bergman said of the Rossellini episode and they felt they had been cheated, that



Bergman in Casablanca (1942)

I had betrayed them. But they must not have been paying attention. Joan the saint and Ingrid the woman both had a capacity for speaking the truth and for listening when conscience spoke. In Bergman's case it always spoke in artistic terms. As early as 1941 she had insisted on swapping roles with Lana Turner so that she could play the tart instead of the good gill in Dr Jekvll and Mr Hvde and she edged her vulnerability with an enig-



In A Woman Called Golda (1982) An artist's shaping touch

matic neuroticism Or was it eioticism? (asublanca in which she and Humphiev Bogart yield briefly to nostalgic love argues for the latter You'll have to think for both of us she moaned when she finally fell into his arms and several million American males would have volunteered for that kind of cerebration Placed in a different romantic torment as Charles Boyer drove her crazy in Gaslight, she seemed as much victimized by her vearning heart as by his murderous greed

She won her first and best-deserved Oscar for that performance (Others were for Anastasia and Murder on the Orient Express) But it was in Hitchcock's Notorious that she gave her most complex romantic portrayal. As a reluctant psychologically troubled spy forced to mairs into the enemy camp to ferret out its secrets she allows herself to be treated sadistically by Cary Grant as the good agent. Here she paid not just the price of love but the price of redemption from some deeper despair which she judged that love could provide. It is a highly sensual characterization at once knowing acceptant and brave

hese were qualities Bergman would have ample opportunity to exercise in life as it proceeded to imitate art in the years ahead. But there is no question that she would rather have framed them within a growing air. That was not to be. Her later career was mostly a patchwork of dignified stage work and technically proficient character roles in the movies until in 1977 Swedish Writer-Director Ingmar Bergman cast her in Jutumn Sonata In it she played an aging concert planist trying to reclaim the love of the daughter she had emotionally abandoned for her career. My friends feel this is not acting-this is me she said. But if the role resonated with autobiography it was still played with objectivity and fierce control Last year she played the long exhausting role of Golda Meir in a TV movie. By then she had been fighting cancer for seven years and though she spoke openly about the disease that would eventually kill her she did so calmly without self-pity or false heroics

On the evening she died last week in London she roused herself from her sickbed to join a few friends in a champagne toast to her birthday Besides that final beau geste she left behind a haunting epitaph claiming she was a great actress because she had acted on the last day of her life' Robbed by circumstances of the chance to play that one immortalizing part every actiess aspires to she had instead turned her whole life into such a role. Her last words represent an artist's final shaping touch on the legend that is perforce, her monument Yes, she knew Yes, she accepted And as always she – By Richard Schickel convinced

School Daze

FAST TIMES AT RIDGEMONT HIGH

Control of the contro

CLA'S SF 1984
Directed by Mark Lester
Screenplay by Mark Lester,
John Saxton and Tom Holland

n the nether reaches of some mystical land—call it California—there must be a high school that inspires the sort of shenanigans that pop up in just about every R-rated teen movie these days (all it Contact High There you will find no teachers, only agents no exams only screen tests no graduation, only the picking up of options. The boys are feral carnivores out of The Blackhoard Jungle the Let dream The nice guvs surf smoke dope and screw around the bad ones torch autos, walk with a surly Crestapo swagger and carve their initials in the nearest human flesh. There is never a dull moment, never a suspension of disbelief never a security guard around when the rowdies are methodically tearing the place down. Everybody at Contact High from prom queen to thug is dazzlingly photogenic. Nobody ever cracks a book

To be sure both Fast Times at Ridgemont High and Class of 1984 claim a basis in fact real events real people only the names changed to make everything seem so awesomely bogus. Journalist Cameron Crowe then 22 spent the 1979-80 school year undercover at Ridgemont High 'in athern California, then sculpted his ob-beivations into a book. Crowe's screenplay reunites his familiar cast. Brad (Judge Reinhold) is the lazily macho chef at the best fast-food joint in town Damone (Robert Romanus) is the greaser who is about two-fifths as cool as he thinks he is Spicoli (Sean Penn) is a premature beach bum with a glutinous Valley Boy drawl, he believes that 'surfing is a way of life man -- - a way of looking at a wave and say-



Leigh and Cates in Ridgemont High
Prowling for men and finding only bovs



Van Patten, center, in Class of 1984
Whystling Strauss during a gang attack

ing, 'Hey let's party' Linda (Phoebe Cates) and Stacy (Jennifer Jason Leigh) are sweet-faced sexual adventurers on the prowl for men and finding only boys

The performers move at a sprightly pace to the requisite two-record album of last year's hits that functions as the music track. But the vignettes that percolated between C rowe's soft covers are ironed into decal cliches on the screen. Director Amy Heckerling has failed to provide the raunch or poignancy that would interest young moviegoers, all of whom have seen American Graffiti and its 467 imitators. Ridgemont High? A nice place to visit but who would want to transfer there?

o from bland to bludgeon Class of G 1984 Mark Lester who has put some zing into his earlier melodramas (Buck Stop Women Stunts) here borrows from George Armitage's cult Gothic Massacre at Central High, to create an adolescent colony as teeming and desolate as an American Gulag The principal is a blinkered hypocrite the biology prof (Roddy McDowall) teaches chromosomes at gunpoint And the school toughs--moral crustaceans dressed in swastika T shirts and the very latest leather - are led by no ordinary psychopath Stegman (Timothy Van Patten) is also a musical prodigy as he directs a gang rape of the hero's wife he whistles the first bars from Johann Strauss's giddy Voices of Spring waltz. All this is enough to make even the mildest of men, Music Teacher Andy Norris (Perry King) receally mad, mad enough to set one of the gang members aflame, smash a second with a tire iron and drive a buzz saw through the spine of a third

An atrocity festival like Class of 1984 no longer terrifies or even disgusts the moviegoers for whom it is made. They appraise the carnage as dispassionately as coroners, occasionally nodding in approval and murmuring "Hmm, haven't seen that before 'The violence in this vigilante farce is too preposterous to make anyone wince, or to remind teen-agers of the real high schools they will be entering this week. Life is different outside the cartoon corridors of Contact High. And nobody but a connoisseur of trash ever got an education from a bad movie.—R.C.

Milestones_N

ENGAGED. Mae Davis, 40, singer and writer of winsome pop-country tunes (Baby Don't Get Hooked on Me. It's Hard to Be Humble) and sometime movie star (North Dallas I orty, The Sting II), and Lisa Kristen Gerard, 24 a registered nurse, in Los Angeles

MARRIED. Dorothy Bush, 23 only daughter of Vice President George Bush, and William LeBlond, 25 a high school teacher and son of Chemical New York Corp Vice Chairman Richard K LeBlond II, both for the first time in an Episcopal ceremony in Kennebunkport Me

DIED. Ingrid Bergman, 67, gifted, Swedishboin three-time Academy Award-winning actress, of cancer in London (see CINEMA)

DIED. Eugene Loring, 71 dancer and choreographer whose *Bills the Kid* (1938) is a classic De Mille-style Americana baflet and who also created dances in such films as *Silk Stockings* and *Funny Face* (1957), of cancer in Kingston N Y

DIED. Władysław Gomulka, 77 Polish leader who retained a fierce loyalty to traditional Communist dogma despite his Polish road to socialism approach that irritated the Kremlin of cancer in Warsaw Once considered one of the most influential leaders in the Communist world. Comulka insisted that Communist countries should retain a degree of independence in domestic matters even while supporting the general Soviet policy line a view that resulted in his removal in 1948 as Poland's leader Jailed from 1951 to 1954 for opposing Stalinist economic collectivization he returned to power in 1956 following the Poznan bread and freedom 11ots. When Soviet troops massed in and around Poland that October Gomulka is reported to have met Khrushchev's threat that he had mobilized his troops with the rejoinder 'So have I The Soviets backed down and Gomulka became a national hero I ourteen years later mots broke out protesting failing economic policies and Gomulka was forced to resign after security forces, summoned to squelch the uprising killed dozens of workers

DIED. Nahum Goldmann, 87 Zionist leader for nearly half a century and one of the most outspoken critics of Israeli policies from Ben-Gution's to Begin's in Bad Reichenhall West Germany Co-tounder and president of the World Jowish Congress from 1949 to 1977 Goldmann negotiated the 1952 reparations agreement with West Germany that resulted in payments of some \$822 million to Israel and its Holocaust survivors. Goldmann repeatedly advocated peaceful coexistence between Aiabs and Israelis saying, 'There can be no future for the Jewish state unless agreement is reached with the Arabs And in July he argued for ending the siege of West Beirut and for mutual recognition between Palestinians and Israelis

Sport

From Raspberries to Tomatoes

Earl Weaver has never been shy, but he is retiring

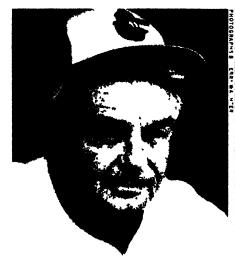
he gruff, obstinate, foolish, flammable, superstitious, supercilious, boorish, brilliant, wonderful manager of the Baltimore Orioles still means to throw himself out of the game after this year "This isn't enjoyment" Earl Weaver has been insisting all season and for much of the 15 years that he has been the most durable, deranged and delightful manager in baseball "This is just my way of making a living It's work It's research" He points to his three-by-five cards, his directory of probabilities and statistics "I'm so tired of making decisions I'm really looking forward to going home with nothing on my mind never having to worry about some quote I might have said wrong, or some writer or player cutting my throat

He is pacing and smoking in his office after a one-run victory, 'shaking in my boots," he calls it The Orioles are making their move on the American League's Eastern Division leader, Milwaukee Jim Palmer, 36, Baltimore's preening pitcher, has won ten straight games So Palmer is going to outlast Weaver after all Neither man brooks any opinion but his own, and they have been legendary adversaries "Every single gray hair I got,' says Weaver, 52, "I got from Palmer" Once, when Earl was hopping mad at Palmer, Palmer chose the moment of Weaver's highest hop to say "Lail, I've never seen you look so tall" Weaver is 5 ft 6½ in tall

Insubordination has always been rife on Weaver's teams. He and Catcher Rick Dempsey act out their disagreements by throwing shin guards. "The only thing Earl

knows about pitching," onetime Ace Dave McNally declared for all time, "is that he couldn't hit it" Weaver and Mark Belanger feuded for more than a decade, but Belanger stayed Weaver's shortstop by the grace of his bright talent until, near the end the three-by-five cards dwindled for Belanger and eventually ran out this year

Weaver's teams, all different manner of teams, have won six division championships, four American League pennants and one World Series Twelve out of 14 years, they have finished first or second Among all managers, only Connie Mack had as many 100win seasons (five) and only Joe Mc-Carthy had more (six) Weaver did it largely by being, in his own words,"a truthful, rotten little s o b "Though he once screamed at an umpire, "Only you, me and God know the truth" irreverence has served him as a kind of creed



A manager who managed never to be fired

with the Loid'" a born-again outfielder Pat Kelly, asked him when Weaver once implored Kelly to hold down the piety "Kell Weaver said 'I'd rather have you walk with the bases loaded"

Kelly was cut after the 1980 season but, as it happens, he is back in the Oriole clubhouse on this day to conduct chapel services Weaver is praying for Lefthander Scott McGregor's sore at m to improve "Or let whomever I choose to take Scottie's place—another damned decision—get the job done" When these decisions pan out, isn't this a pleasure that he will miss? Momentarily gratifying he grumps But the

Still fighting with umpires and feuding with players

'Skip, don't you want me to walk "I'm looking forward to going home with nothing on my mind

only real satisfaction is winning it all ",He pauses 'Only did that once'

His small office in Baltimore's Memorial Stadium is almost pathetically spare, without any glorious decorations, not one picture on the wall. By nine years, Weaver has stood his post longer than any other manager now in the major leagues. Somehow he blended Eddie Stanky and Leo Durocher and made it wear like Walter Alston Weaver has never been fired.

For someone who spent 20 impoverished and insecure years busing around Knoxville and Omaha in the minor leagues, selling used cars on the side or toiling as a hod cairier Weaver is walking away from a handsome income rather blithely But he says that he saved his money and his needs are small He continues to grow his celebrated tomatoes and zucchini, and both he and his wife Marianna are fiends for golf Besides, his book, Its What You Learn After You Know It All That Counts, seems to be prospering And the television networks are interested in using him as a 'color man, provided he s not too colorful

byiously rhubarbs will scarcely be the same Ron Luciano and Marty Springstead share the record for Weaver ejections (seven) Otherwise, space was saved in the Oriole brochure by simply stating The only umpire with substantial seniority who never threw Earl out of a game was the late Nestor Chylak Weaver has been thumbed 88 times from spring training and World Series games both halves of doubleheaders, even before' some games began For shenanigans like shredding a rule book on the mound or walking off the field with a base, he has been suspended by American League President Lee MacPhail so regularly that

Weaver refers to his short absences as earned vacations. For a while this year, his superstitiousness kept him from returning after a one-week sentence for, uh, slapping an umpire. The team was winning without him

Some Oriole players think they win without him a lot, or at least that he receives too much credit Nobody on the team seems completely sure whether they unite against him or come together for him Says Weaver "There's always somebody to replace you Before long, nobody will be talking about me any more"

Before long, general managers might be To make future suitous at least have to consult the Orioles club, Weaver has offered to sign up as a scout Still, a few people, and more than a few players, share Ron Luciano's cynicism "Old managers never die They just end up working for George Steinbrenner" —By Tom Callahan

"You don't meet nice boys with you live on Skid Row," lan ents the heroine in Little S by of Horrors, the cheery off-B oadway hit now playing in New York City You don't meet nice plants either The star of the show is a wonderfully animated blob of garden life named Audrey II that takes a carnivorous delight in human blood The description



Corman and the horror of Horrors

once fit Roger Corman, 56 too But that was in the days when he ran American International Pictures producing such Plassics as Not of This Earth A Bucket of Blood and a littleknown 1960 pastiche shot in just two days called The Little Shop of Horrors, on which the new play is based Returning to his roots, Corman, now president of New World Pictures is not one to look a gift hit in the mouth Nor is he an apologist for his salad days After all says he 'I never promised you a rose garden

Just to make sure that Superman III will have legs of steel at the box office the film's producer has come up

with a co-Caped Crusader Richard Pryor, 41 In a part the folks at DC Comics never dreamed of, Pryor plays Gus Gorman, a computer wizard who dons tablecloth and

skis for a lame demonstration of his own superpowers Sm3 takes mildmannered Clark Kent back to his high school reunion and a rekindled romance with Lana Lang, played by Annette O'Toole, 30, (Cat People) O'Toole may be beautiful, but her co-star is hot and as Director Billy Wilder said when film makers are in doubt, "they all come up with the same answer 'Get Richard Pryor'"

Only her hairdresser knew the real with which Barbra Streisand, 40, had committed herself to her new film Yentl The independent-woman-vs repressive-society yarn is based on a short story by Isaac Bashevis Singer, 78 When the actress read the tale 'It became a passion, along with the conviction that I was the person best able to communicate the story to audiences" Streisand took her mission seriously The screenwriter? Why not get the best, How about Barbia Streisand' Director' How does Barbra Streisand sound? Producer, Well, there's always Barbra Streisand And finally, what about someone to play the title role? Uh-huh Due out late next year, Singer's little



Pryor parlaying his role in Superman III into another one-man show

story has ballooned into a bigbudget musical with Mandy Patinkin, 29, and Amy Irving, 28 The original version was set in Poland so Streisand moved her production to Czechoslovakia There, other film makers might be concerned about language barriers and performances But as fat as Barbra's concerned, "The biggest challenge was to get by without fresh vegetables"

High above the earth late last month, the Soyuz T-7 spacecraft docked with the Salyut 7 orbital space station in a routine exercise in Soviet spacemanship The scene then shifted from 2001 to The Honeymooners as Valentin Lebedev, 40, the Salyut flight engineer, welcomed the female cosmonaut aboard "We've got an apron ready for you. Sveta, he proclaimed "Of course, we have a kitchen for you too ' The lady is Svetlana Y. Savitskaya, 34, who last week became the second woman ever to be sent into space Though Savitskaya's oibital duties reflect traditional Soviet ideas as to where a woman's place is, she seems to welcome the babushka role Izvesttu the government daily, put her on its own pedestal 'She is charming and soft,' said the paper undoubtedly raising the ire of earth-bound Westerners like Phil Donahue and Alan Alda 'a beautiful hostess, and likes to make patterns and sew her own clothes when she has time to spare"

—By E. Graydon Carter



Savitskaya: talents in many fields



Streisand in her director's cap, coaching Patinkin and Irving for Yenti

Law

Dragging Cities into Court

Generous jury awards are draining municipal treasuries

Daw Paw W Va (pop 650) is a small town with a big problem. The trouble began in 1978 when the town's lone police officer pulled a speeding truck driver over to the side of the road. The driver said that when he refused to cooperate the policeman smashed his windows and tried to spray Mace inside. The startled driver put his truck in gear and drove off as the officer shot at the tires. A federal jury concluded that the patrolman had gone overboard and ordered Paw Paw to pay the truck driver \$10,500. That would have been a financial catastrophe for a town with a budget of \$25,500 and no insurance I ortunately, the plaintiff has agreed to take \$3,000 and the town hopes to raise



Paw Paw, W. Va.: trying to get out of hock A rude awakening to new legal realities

the necessary cash by throwing a benefit rock concert later this month

Paw Paw is not the only community hamstrung by litigation. Once protected by 'sovereign immunity,' a derivative of the rule that "the King can do no wrong municipalities have become increasingly vulnerable to lawsuits in recent years. In 1978 the Supreme Court ruled that local governments were liable for civil rights violations. Two years later the court eliminated the common defense that a city or its employee, had acted in 'good faith Says Barton Russell executive director of the National Association of Towns and Townships. "It's a whole new world, and it's an expensive world."

Most of the suits involve police brutal-

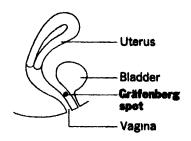
ity of personal injuries resulting from municipal carelessness a faulty traffic light a poorly marked curve a dangerous sidewalk. South Tucson Ariz (pop 6 500) may have to disincorporate because of a \$3 6 million judgment in a suit brought by a man who was paralyzed from the waist down after being mistakenly shot by a policeman Cashion Okla (pop 550), faces bankruptcy because of a \$157,000 award to family members injured in a sewer gas explosion. Mound Bayou Miss (pop 2 900) was hit with a \$59 000 judgment for injuries suffered by a woman who fell into a hole outside city hall.

Big cities are being stung too. The number of lawsuits has been growing astronomically," says a spokeswoman for the National League of Cities. Even if the plaintiff wins nothing the cost of mounting a defense can strain an already taut budget. All told federal court claims pending against towns and cities are a numbing \$7 billion. Says Kenneth Courtney finance director of Troy. Mich., which is trying to pay a \$5.75 million award. Everybody and his brother is suing the city. They feel that they are going to get easy money.

unicipalities are usually ill prepared for the whopping awards. In South Tucson only \$100,000 of the \$3.6 million judgment was covered by insurance. Now premiums are rising and many budget makers are finding that they cannot afford the protection they need. One partial solution is a policy purchased jointly with neighboring towns it spreads the risk and thus costs less. Another is a statutory limit on the amount plaintiffs can recover like the \$300,000 cap imposed in Utah.

Many lawyers welcome the shift away from sovereign immunity for municipalities Argues Detroit Attorney Robert Dinges A city is no different from General Motors If it commits a wrong it should be just as liable as anyone else' Other lawyers however, fear that the legal gains are outweighed by the losses "A city is not like General Motors ' says William Dietrich, Detroit's assistant corporate counsel If GM gets hit with a \$1 million claim, it raises the price of its cars. When the city gets hit with \$1 million, it lays off ten policemen The people are going to lose" Some municipalities especially small ones, have to raise taxes Troy intends to hike property taxes an average of \$200 per household Concedes Steven Berry the winning lawyer in the Troy suit "Citizens can end up footing the bill for mistakes by people they have either elected or hired to act competently There is a problem there 'm

THE DISPUTED SPOT



In Search of A Perfect G

New book's theory hits the commercial spot

G is for Grafenberg. Ernst a German gynecologist and sex researcher Spot is for what he reported discovering in some women in the course of research into birth control methods in the 1940s a patch of erectile tissue in the front wall of the vaginal directly behind the public bone that acts something like a second clitoris. Crispot is for the new book about that odd finding published amid considerable commercial hubbub a first printing of 150 000 hardback copies by Holt Rinehart and Winston and deals with six book clubs.

The G Spot and Other Recent Discoreries About Human Sexuality makes the case for the existence of a bean-shaped erogenous zone in women, when this spot is stimulated by deep pressure it produces vaginal orgasm distinctly different from clitoral orgasm. The spot amounts to a female prostate gland, say the three authors, Alice Kahn Ladas a New York psychologist. Beverly Whipple a registered nurse and sex counselor in southern New Jersey and John D. Perry, a Connecticut psychologist.

hy has the spot remained undetected tor so long? Autopsies are not likely to reveal it, claim the authors, because most autopsies are performed on older women, whose G spots may have atrophied Gynecologists generally miss it because testing for sexual sensitivity in the vagina is not part of diagnostic procedure or medical ethics

To make their case, Whipple and Perry examined more than 400 women who had signed consent releases permitting direct stimulation. The authors claim that the G spot was stimulated in all the women examined. But in part because the evidence for the G spot is anecdotal and testimonial in nature, rather than based on direct anatomical or tissue culture studies, the US gynecological community is skeptical about the authors' claims

Dr J Jones Stewart, a Pasadena gynecologist, says that while general vaginal resolution of that a G spot exists Indeed he sa patients who have had that section of the vagina removed in surgery report the same sexual sensitivity they had before the operation Says he "They ve misinterpreted the response as a great discovery The response has been there all the time and has been recognized for hundreds of years. It is not due to an anatomical switch that can cause excitement Dr Keimit Krantz, chairman of obstetrics and gynecology at the University of Kansas Medical Center in Kansas City believes that lovers aiming for the so-called G spot in fact are hitting a more general nerve area around the weak sphincter muscle of the vagina and the cavernous sould like to know on what anatomical basis the G spot is explained. Have they made biopsies of it' The authors he thinks have drawn a conclusion based on madequate evidence. You can publish anything because we have a free press but that doesn't necessarily mean it's true Krantz cautions. We shouldn't make claims without anatomical basis But if they find it bully I d like to know about it Says Atlanta Gynecologist Dr Michael Wolfson. The theory is a bit farfetched

Dr Malcolm Freeman a sex therapist and professor of gynecology at Emory University in Atlanta needs no convincing however. It's very clear that the spot ists Some women have a small tissue uildup a remnant of prostate vestige He adds that the authors additional claim -that a stimulated G spot may secrete a fluid -should serve to alleviate the anxiety of women who notice unexpected secretions during orgasm. In the years before I was aware of the G spot he says, 'I saw about one patient a year who came to me very anxious because she seemed to be urinating during orgasm. She usually thought she needed bladder repair, but the patient was urged not to worry, there was no dysfunction

Still, the evidence in the book is less suited to convince most professionals than it is to produce a new hunt for hightech sexual pleasure, and possible frustration 'A lot of women are going to be upset if they can't find it' says Midge Wilson a social psychologist and a firm believer in the G spot Adds Marion Holtzer, a marriage counselor and sex therapist in Chicago "It's going to be like the Grail in a sense A lot of people will has this quest, if only to know how it works 'Concludes Therese Baker, chairmant of DePaul University's sociology departhent "It's less interesting whether the Gräfenberg spot is there than that people want to search for it" That is what The G Spot's authors surely can bank on

Medicine

Help for High-Frequency Hearers

A new "translator" device brings sound within range

A fter a bout with measles, three-year-old Karyl Ann Mirmelstein of Newport News Va seemed strangely unresponsive. Her mother consulted a number of doctors who variously attributed the child's behavior to sibling rivalry with her baby sister a learning disability and even mental retardation "I knew this couldn't be true, says Rona Mirmelstein I could see that Kam was very bright perhaps more so than most children. Yet it was not until Kam was six that doctors acknowledged that her problem was her hearing. The results of an elaborate series of auditory tests were perplexing While Kam could hear the sharp sound of a telephone ringing or a door slamming she did

range hearing but become deaf in the lower registers after suffering a high fever, virus or meningitis in childhood. Some have an extended upper auditory range and can hear dog whistles of the shrill hiss of a department-store electronic security system Their problem as in Kam's case generally goes undetected because of inadequate testing. Most testing devices do not produce sounds above a certain frequency Berlin says and it is precisely at this cutoff that ultra-audiometric patients begin hearing. Worse still ultra-audiometrics may lose what hearing they have if they use conventional hearing aids says Berlin The aids can cause overstimulation or acoustic trauma

Kam's case was one of several that prompted Berlin to begin developing a hearing device that would translate' low-frequency sounds into the range at which ultra-audiometrics could hear them With help from engineers at the llinois tirm of knowles. Flectronics he produced a miniature magnetic earphone with two channels. One channel amplifies high-pitched sounds the other shifts lower pitches upward into the range heard by ultra-audiometrics. The earphone is wired to a battery pack and microphenic.

For Kam the device opened up a bustling world both raucous and musical Recounting her first exposure in her diarry she wrote. All voices sounded like jabberwocky because they were so different. As she adjusted however, she found that I was able to understand my cousin despite the fact that he has a low voice and a mustache. I ater she rediscovered music. I put Fxodux on the stereo. So stirring was the music that I suddenly began to cry in an almost hysterical way. The beauty of the sound was almost tor ture. I simply couldn't get enough of it.

There are about 20 million hearinginipaired Americans, and Berlin guesses that as many as 20 000 could be helped. by his device. To find them, he has beguntesting students in schools for the hearing-impaired In addition eight free ultra-audiometric testing centers have been established across the country, along with a collect-call hot line (301 897-8682) to field questions about the condition. So far Berlin and his colleagues have uncovered 167 potential patients 37 of whom have received translators paid for by contributions to a fund started by Kam's mother None is more delighted than Kam who at 32 has become a teacher of hearing-impaired adolescents. My hearing aid has given me a chance to have a profession I never could have done it without one



Kam wearing Berlin's translating aid
Music sounded so stirring she began to cry

not respond to subtler noises. A standard hearing aid was recommended but Kam refused to wear it relying instead on lipreading. Eventually, she graduated from college married a lawyer from Long Island. N. V. and resigned herself to being

an 'audiological enigma

Then at age 27 she met Charles I Berlin, an audiologist who heads the Kresge Hearing Research Laboratory of the South in New Orleans Using special equipment, Berlin was able for the first time to provide a piecise diagnosis of Kam's problem ultra-audiometric hearing, that is, the capacity to hear but only at extremely high frequencies

People with ultra-audiometric hearing, says Berlin, are usually born with full-

Books

SADARM to the Rescue

THE THIRD WORLD WAR THE UNTOLD STORY by General Sir John Hackett, Macmillan, 372 pages, \$15.75

Immy Carter's second term disappears without a trace and the Shah of Iran is no longer mentioned as a steadfast ally of the US Egypt has a sharply different role now it is assumed not to be a reliable Soviet client state but, in alliance with Saudi Arabia, a force that extinguishes Libyan extremism helps to impose moderation on the Israelis and thus stabilizes the Middle East Otherwise, our next spasm of global bloodshed remains much as imagined four years ago in The Third World War August 1985 by retired British General Sir John Hackett, 71 and his military associates. So does the authors' message civilian blathering about disarmament is infantile and the West's only hope is to trust its stalwart military men and give them whatever costly whizbangs they ask for

In his sequel volume the former deputy chief of the British general staff describes in finer detail the events that follow the fatal decision of the Soviet Union, powerful militarily but shaky in its economy and unsure of Poland and its own Asian provinces that the moment has come to attack what it assumes

to be a soft and irresolute NATO alliance When their mighty armored thrusts into West Creimany fail- just baiely - to overwhelm NATO the Soviets gamble that a nuclear attack will throw the West into panic, and they vaporize Birmingham England Twenty-five minutes later the Allies detonate four ICBMs over Minsk The ghastly three-week war is ended and the dammed-up anger of its own abused citizens sweeps the Soviet government and the Communist Party into history's celebrated dustbin

So the story goes A civilian reader in the West is not much comforted by the precarious victory nor is he meant to be In part the world owes its bloody deliverance to simple luck (Certainly one ironic bit of luck although it came too late for inclusion in this book would be that the Falkland Islands was gave the British an opportunity to sort out their modern weapons and bucked up their national courage) Had the Soviets delayed their attack for a year or two as KGB intelligence reports recommended, the activities of European disarmers and the foreign policy blunders of the "abrasive Republican Administration in the US, might have wrecked the



provinces that the moment has General Sir John Hackett at the Cavalry and Guards Club, London

Excerpt

There was no question where the focal point of any conflict between the armies of the two great power blocs would he It would be in the Federal Republic of Germany, where the Group of Soviet Forces in Germany, largely stationed in what was known as the German Democratic Republic (GDR), faced the considerably weaker NATO forces It was in the GDR that the Warsaw Pact was even now staging maneuvers of impressive size, so large as to arouse at first strong suspicion in the West, and then to confirm, that this was really mobilization The maneuvers had been notified to other powers Some smaller though still considerable maneuvers of the Southern Group of Soviet Forces in Hungary had not It was from these that one airborne and two motor rifle divisions had moved into Yugoslavia

unity of NAIO Had the last-toss nuclear gamble of the Politburo struck at New York and London instead of a single English manufacturing city, worldwide incineration could hardly have been

avoided Had several nations of the Western alliance not reversed their pinchpenny defense policies and bought desperately needed new weapons systems in the early 1980s, the brutal tank and air attacks of the Soviets could not possibly have been stalled Had the Poles not sabotaged their own military transport

Much is made in an ideological and not very convincing way of supposed rigidities in So-Viet military practice. Their pslots and naval captains are taught to fight strictly by the book and risk being shot by security police if they deviate into independent maneuvers. Halftrained Asian infantrymen most of whom cannot understand their Russian-speaking officers, march stolidly forward, knowing that if they falter they will be machine-gunned by the KGB So blindly is the stricture | against retreat enforced that even a temporary strategic withdrawal is forbidden, and the Soviet officer who recommends it is dragged out and shot

A civilian reader simply does not know whether to believe this legend making retailed by the author in a tone

of righteous contempt. Resentment underlies many of the arguments advanced here, and not all of it is directed against the Soviets. The author frets that the resolve and the military capability of the West had since 1918 been sapped by an uncritical hankering for peace. Among the hankerers, they comment snidely were what Lenin called useful fools, and these fainthearts were quick to join so-called peace movements, unobtrusively orchestrated and largely paid for by the USSR.

Such Blimpish prejudice is galling, especially to those who, regarding themselves as tough-minded and not fainthearted will see these books as further evidence that war is too devilishly attractive to be left to the generals Hackett's lip-smacking language (seek and destroy armor shortened into the not infelicitous little acronym SADARM') can make the military mind seem demented. But civilian harrumphing is no more useful than the military kind and reading Hacketts prickly books goads the reader to ask How can the human race evolve beyond the savagery of tribalistic nationalism" -By John Skow

Books

Mooked

Tite DIARY OF VIRGINIA WOOLF VOL 1, 1931-1935 Edited by Anne Olivier Bell Harcourt Brace Jovanovich 402 pages, \$19 95

Some notes found under a vacation hammock

uesday Another day, another book by Virginia Woolf Dead for 41 years, yet her output still rolling off the presses almost faster than one can read it Leave aside the novels, biographies and critical collections in her own lifetime What unies that finished coming out in 1980? The countless essays and fugitive pieces being soited and shuffled in various miscellanies? And now these reams of diaries to be concluded in a fifth volume. What energy' What fluency' After writing final words of The Common Reader Second Series she jotted in a diary. Now I m taking a holiday. That is to say, what shall I write tomorrow?"

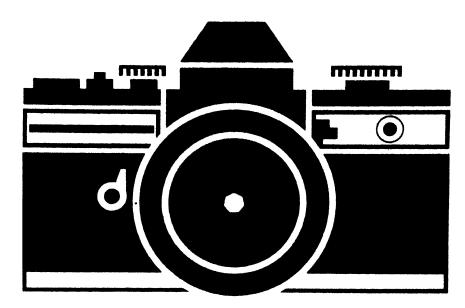
Thursday Tried to convince myself that all this darting observation and febrile sensitivity of Woolf's is getting boring. I ost the argument by opening to a page at random. She says of Henry James' prose. His pounce & grip & swing always spring fresh upon me. Ditto with her The literary portraits alone are worth the Tice. Huxley Rebecca West old Shaw and Yeats, TS. I liot (haid, spry, a glorified boy scout in shorts & yellow shirt settling in with some severity to being a great man.)

Friday A salutary touch of malice gloriously unjust She describes a visit to Novelist Elizabeth Bowen in Ireland, where other guests included Critic Cyril Connolly and wife "There we spent one night unfortunately with baboon



Virginia Woolf, circa 1931

A salutary touch of malice



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Back from the dead

Since 1961, the World Wildlife Fund has rescued 33 mammals and birds from the brink of extinction. It has allocated more than \$40 million to conservation projects around the world. It has created or supported 260 National Parks on five continents – a total area almost twice the size of Western Europe. There is still much more to be done.

HE WORLD WILDLIFE FUND was formed to help preserve life in the natural world Our scope is the whole of nature – plants, mammals, fishes, birds, and their habitats. We raise and allocate money to preserve species threatened with extinction. We work to conserve natural areas that contain endangered wildlife.

Here is an outline of some of the things we have achieved so far You can become a participant in these projects – and new ones

Operation Tiger

Fifty years ago there were 100,000 Tigers in the wild Eight different sub-species existed in Eastern Turkey, India, Iran, China, the Soviet Union and South-east Asia Today, there are not more than 5000 Tigers left

In 1972 the World Wildlife Fund launched its Operation Tiger to save the Tigers that remained Nine Tiger reserves have been established in India and three in Nepal

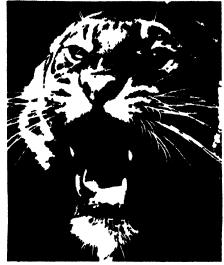
Tiger conservation projects have also been set up in Bangladesh, Bhutan, Indonesia and Thailand

Saving the Spotted Cats

If women now feel embarrassed to appear in the turs of Tiger, Leopard, Cheetah, Jaguar or Ocelot, it is largely thanks to the World Wildlife Fund

FIVE OF THE WORLD'S RAREST MAMMALS

- 1. Javan Rhinoceros
 about 50: Indonesia:
- 2. Red Wolf
 - fewer than 100 (U.S.
- 3. Arabian Oryx
 about 150 in captive herds
- 4. Giant Panda
 low hundreds (China)
- 5. Hawaiian Monk Seal 700-1000(US)



Tue

As a result of a vigorous campaign, backed by famous people including movie stars and tashion leaders, the International Fur Trade Federation called on its members to stop trading in the skins of Tiger, Snow Leopard and Clouded I eopard Fashion magazines agreed not to advertise the furs of endangered animals

India, Nepal, Pakistan, Kenya and Tanzania imposed export bans on furs of endangered species. Britain, the United States and Canada put controls on importation.

The World's Rarest Reptile

Lonesome George is the last known survivor of the Pinta Island species of Giant Tortoises in the Galapagos Islands. It was here that Charles Darwin found living evidence to support his theory of the "evolution of species" and the "survival of the fittest" Major World Wildlife Fund grants each year support the conservation work of the Charles Darwin Research Station But for Lonesome George the future is bleak. Unless a female of his kind can be found the species will cease to exist when he finally goes to his ancestors.

A Future for Elephants,

Widespread poaching of Elephants for their ivory has roused fears that they may soon be threatened with extinction Nobody knows how many Elephants there are in Africa or Asia today

The World Wildlife Fund is supporting a three year study of the interaction between Man, Elephant and habitat, both in Africa and Asia, including investigations into illegal ivory trading, and studies to develop Elephant management plans

"The Seas Must Live"

In 1976 the World Wildlife Fund launched its biggest campaign, under the title, "The Seas Must Live"

The seas are polluted by the effluents of the industrialized world. Whales are being hunted to extinction. Turtles are robbed of their eggs when they come ashore to breed, or are slaughtered for their meat, shell and oil. Crocodiles are killed to make handbags and shoes. Walruses are hunted for their ivory. Seals are bludgeoned to provide fur coats.

The threat of extinction hangs over ten species of Whale, Dolphin and Porpoise, six species of Seal, all Dugongs and Manatees, all coastal Crocodiles, and 30 species of sea and coastal birds. The last Caribbean Monk Seal was sighted 25 years ago



Marine Sanctuaries

I he largest project in the sea campaign is provide sea sanctuaries for Whales, while and Seals

Marie Turtles, most of which are indantered, are to be protected at nesting tres in the Gulf of California, the Seychelles, Malaysia, Panama and else-



Polar Bear Success

Perhaps the World Wildlife Fund's most successful effort has been conservation of the Polar Bear Its survival was threatened by hunters using rifles, motorboats and aircraft among the ice floes of the Arctic, and by disturbance of its habitat

The World Wildlife Fund helped bring Polar Bear specialists together to co-ordinate research and protection

As a result, the five circumpolar nations – Norway, Canada, the Soviet Union, the U S A and Denmark – have fixed an agreement to ban killing of the volar Bear, except by local Eskimos who depend on it for survival

Denmark has established the Northeast Greenland National Park, largest in the world, which protects important denning areas of the Polar Bear Norway has created Polar Bear reserves in the Svalbard archipelago



Birds of Prey

Eagles, Falcons, Buzzards, Kites and Condors have become threatened. Their decline has been accelerated by the destruction of their feeding and nesting places, by the collection of eggs, and bove all by pesticides which enter their

malformation of young and mass deaths A captive breeding programme for the Peregrine Falcon in the United States aided by the World Wildlife Fund is now raising 100 birds a year Also, with World Wildlife Fund backing, several European countries are co-operating to save the White-tailed Sea Eagle Nests have been guarded and breeding has improved following the provision of uncontaminated food at crucial periods in the breeding cycle

The Oryx and the Néné

The Arabian Oryx, a creamy white antelope with long graceful horns, had been hunted almost to extinction. The

Nenc Goose

Fauna Preservation
Society, with World
Wildlife Fund help,
mounted an expedition
to capture a few of the last
thirty and ship them to the
Phoenix Zoo in Arizona
There, through captive
breeding, they have
become the nucleus of a



Fund flew two hundred of them back to Hawau, where they are thriving once more in their natural habitat.

Conserving Wetlands Around the World

Through help and finance the World Wildlife Fund has helped establish reserves or protect wetlands in many parts of the world. In the United States a substantial purchase of tidal salt marshes along the New Jersey coast has helped preserve the breeding, wintering, and feeding grounds of more than 300 bird species. In Britain, the World Wildlife Fund provided funds for the purchase of Caerlaverock. Wildfowl Reserve — winter feeding place for Barnacle Geese. In Austria, the World Wildlife Fund took over the lease of hunting rights to help establish a reserve in the Seewinkel-

nadlar I aka area and alaa murahased

FIVE OF THE WORLD'S RAREST BIRDS

1. Kauai Oo

fewer than 101 Hawanan Islands)

2. Mauritius Kestrel

24 (Mauritius)

- 3. Californian Condor fewer than 40: U.S.
- 4. Kakapo

Jewer than 100: New Zealand

5. Spanish Imperial Eagle 150/ Spani

a further reserve in the Marchauen-Marchegg estate, a woodland area rich in plant life. In France, the vast wilderness of the Camargue in the Rhone delta with its white horses, black bulls and nesting flamingoes was threatened by commercial exploitation. WWF raised

funds to consolidate the Camargue as the basis for a regional park. The Waddensee wetlands along the coasts of the Netherlands, West Germany and Denmark, a breeding, nesting and feeding place for 5

million birds as well as a nursery for North Sea fish, continue to be protected with World Wildlife Fund support

The Jungle - Destruction at the Rate of 50 acres a Minute

The World Wildlife Fund's biggest land campaign has been for the conservation of the tropical rain forest, the last great untouched ecosystem in the world

In 1975, the World Wildlife Fund launched its "Save the Jungle" campaign to conserve key areas of rain-forest

One reserve, created in Costa Rica's Monteverde Cloud Forest, protects more than 1000 species of plants, 300 species of birds and 100 species of mammals. The Quetzal, sacred bird of the Aztecs, now survives there

Much More Money is Needed

World Wildlife Fund needs to meet the increasing demands for funds as the requirement for conscrvation action becomes more varied and most urgent. It needs continuing support, not only financial but also moral from everyone who believes in the preservation of nature for future generations. Conservation projects throughout the world need much more money than the World Wildlife Fund has available. Please contribute and find out how you can become a supporter by writing to

Director of Development World Wildlife Fund 1196 Gland, Switzerland

WWI acknowledges with thanks the donation of this space by Time Magazine Advertisement prepared as a public service by



Books

Connolly & his gollywog slug wife Jean " Sunday Death a growing preoccupation Hitler's murderous rise in Germany The passing of close friends like Lytton Strachey and Roger Fry ("intolerable the impoverishment") Woolf in her 50s now. her best work behind her, battling the recurrent flashing rays of light and sharp pains in her head, the attacks of near madness that (we know) augur her surcide "And then all this incandescence led to the galloping horses in my heart the night before last," she writes after an overexertion "I lay in bed reasoning that I could not come smash Death I defy you, etc. But it was a terrific effort, holding on to the reins

Monday She wanted company, stimulation, talk, but needed solitude, serenity, writing Her letters reach out for the former, the diaries embrace the latter, often during pauses from work or in moments snatched between social engagements Compared with letters, her diaries also full of shoptalk as she labors on The Years, Three Guineas, her biography of Fry Not that this is mundane stuff Here was a woman who could weep over her earlier entries "The sense of all that floating away for ever down the stream, unknown for ever" Ultimately the diaries had the same spiritual stake for her as the rest of her writing If one does not lie back & sum up & say to the moment this very moment, stay you are so fair what will be one's gain, dying? No stay, this moment No one ever says that enough

Tuesday Meant merely to dip into the book and ended up devouring it But now it really is time for a break. That is to say, what Virginia Woolf shall I read tomorrow?

—By Christopher Porterfield.

Genesis II

GOD'S GRACE by Bernard Malamud Farrar, Straus & Giroux 223 pages, \$13 50

or more than 20 years, Bernard Malamud has been talking like a novelist engagé Much of his fiction has explored Jewish "ethicality, which he defines as "how Jews felt they had to live in order to go on living 'In 1958 the year he published his National Book Award-winning stories, The Magic Barrel he said quoting Albert Camus 'The purpose of the writer is to keep civilization from destroying itself" He has deploted the self-devatuation of modern man that springs from his having invented the means of his own extinction It is no surprise, then, that his eighth novel deals with the nuclear apocalypse, the central humanist preoccupation of the 1980s

What Malamud has actually produced is an astonishment a fable of the last man so bizarre that it defies explication At first it seems that in the person of Calvin Cohn, the author has in mind a latter-day Noah Adrift in a boat, Cohn is



Bernard Malamud

The ciphers and symbols fall thick and fast

the only human survivor of the 'Second Flood' that follows a nuclear war between the Djanks' and Druzhkies' Speaking from a crack in the sky God addresses Cohn "That you went on living Mr Cohn I regret to say, was no more than a marginal error Therefore live quickly—a few deep breaths and go your way Beyond that lies nothing for you

Cohn is no Noah Indeed, readers would do well to give up any notion of decoding the ciphers and symbols that fall as thick and fast as the hailstones of God's wrath. What is one to make for example, of Cohn's companion on his frail ark a talking chimpanzee named. Buz after one of the descendants of Nahor, the brother of Abraham the Patijarch." Granted that Cohn, a former rabbinical student, is given to excesses in biblical name giving, his choice of Buz is scarcely apposite, the chimp is a Christian convert who crosses himself when Cohn reads to him from the Book of Genesis.

The plot is equally enigmatic When the ark is beached on a tropical island, Cohn and Buz encounter other creatures a gorilla, eight baboons and eight chimps, which are quickly given such names as Esau and Saul of Tarsus On every day save the Sabbath, Cohn lectures the apes on the obligations of freedom, the American Constitution, the Big Bang the nature of evil and other elevated subjects On Passover he conducts a Seder for the sapient monkeys, except for the intractable gorilla, who will attend only to the Kaddish the Jewish prayer for the dead

Somewhere in this jungle fantasy is no doubt concealed an allegory of the Jews' well-known didacticism and their penchant for social justice More obscure is the significance of Cohn's coupling with Mary Madelyn (the chimp pronunciation of Mary Magdalene) the island's unique female, a chimp who quotes from Romeo

and Juliet with a lisp ("What wov can do, that dares wov attempt") The fact that only Cohn and Mary Madelyn have sex, producing a baby, causes the beasts to go amuck In a lunatic re-enactment of both Abraham's intended sacrifice of Isaac and of the Crucifixion Cohn is killed by the apes In a final tableau, the gorilla dons a yarmulke and 'in his throaty, gruff voice" recites the Kaddish

A gorilla mouthing the prayer for the dead over a human being? Malamud, who once called for fiction "filled with love, beauty and hope," has now written a novel filled with death, bestiality and despair Why has he called it God's Grace? Even in fiction, his grace must mean more than man's disgrace —By Patricia Blake

Editors' Choice

FICTION: Aunt Julia and the
Scriptwriter Mario Vargus Llosa
Famous Last Words Timothy
Findler

• The Frog Who Dared to
Croak Richard Sennett

• Mantissa
John Fowles

• Someone Else's
Money Michael M Thomas

• The
Woods, David Plante

NONFICTION: The Correspondence of Boris Pasternak and Olga Freidenberg edited by Elliott Mossman • Going to the Dance Ailene Croce • The Killing of Bonnie Garland, Willard Gaylin Love Eleanor Joseph P Lash Midnights Alex Wilkinson • The Red Smith Reader edited by Dave Anderson

Best Sellers

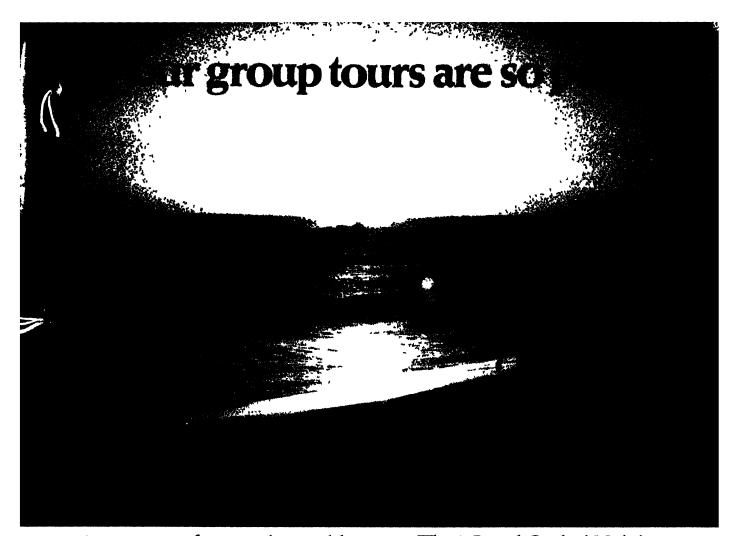
FICTION

- 1 Different Seasons King (1 last week)
- 2 Master of the Game, Sheldon
- 3 ET The Extra-Terrestrial Storybook Kotzwinkle
- 4 The Valley of Horses, Auel
- 5 The Prodigal Daughter, Archer (2)
- 6 The Parsifal Mosaic, Ludlum (3)
 7 The Case of Lucy Bending,
- Sanders (4) 8 Lace Conran (9)
- 9 The Man from St Petersburg, Follett (7)
- 10 The One Tree Donaldson (6)

NONFICTION

- 1 Life Extension Pearson and Shaw (1)
- 2 Jane Fonda's Workout Book, Fonda (2)
- 3 Living, Loving and Learning Buscaglia (3)
 4 When Bad Things Happen to Good
- People, Kushner (4)
 5 How to Make Love to a Woman,
- Morgenstern (7)
 6 Richard Simmons' Never-Say-Diet
- Cookbook, Simmons (6)
- 7 Princess, Lacey (5)
- · 8 No Bad Dogs, Woodhouse (8)
- 9 Indecent Exposure McClintick (
- 10 A Few Minutes with Andy 1
 Rooney (9)

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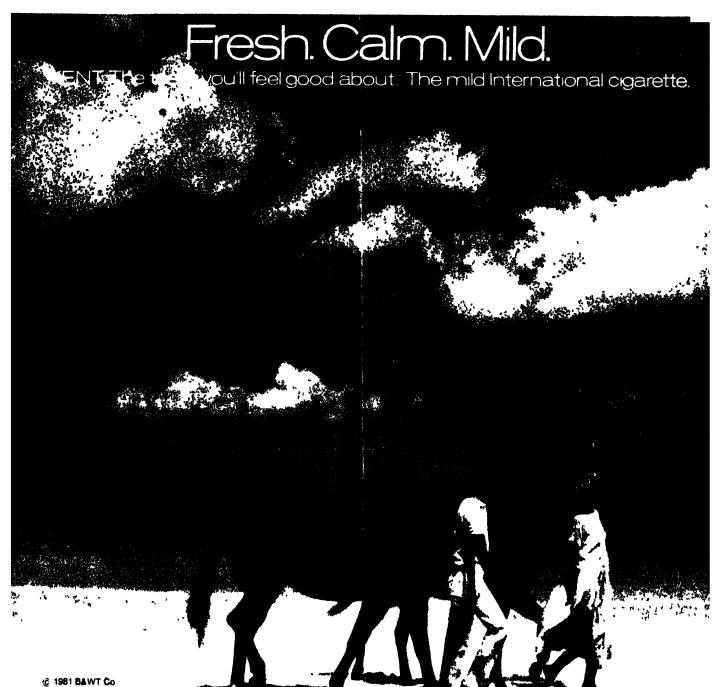
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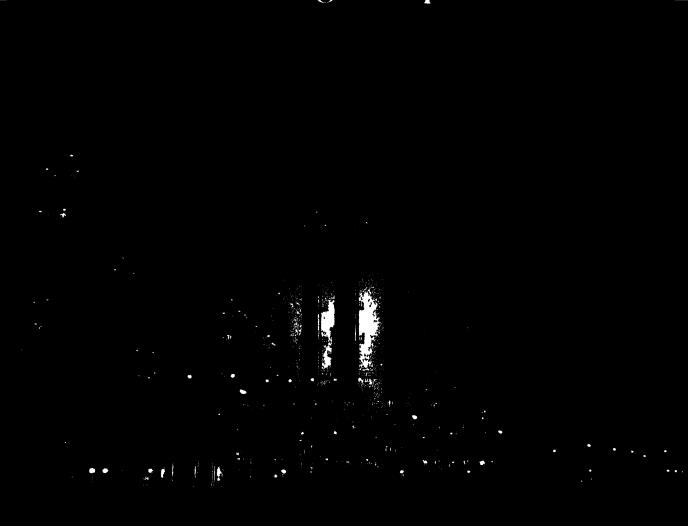
No. 41

Hong Kong

The 1997 Question



This is another image of the nation that is the world's largest exporter of coffee.



Brazil is noted for being the world's largest coffee exporter But the Brazilian economy doesn't grow and thrive on coffee exports alone Last year, more than half of Brazil's 23 billion U.S. dollars in exports consisted of industrial products and sophisticated services Compare this with 1970, when exports totaled a mere 2.748 billion U S dollars Today, thanks to this nation's development of economical. efficient hydroelectric power with a potential estimated at 213,000 MW - Biazil ranks as one of the ten most heavily indus-trialized nations in the West Between 1970 and 1980, gricultural production increased agricultural production in 66 7% And now, Brazil is close

to becoming the second largest food exporter in the world In addition, Brazil also exports planes, ships, shoes, canned sweets, textiles, diverse technology and many other products and services to key markets spanning the globe In recent years, the average yearly increase in Brazil's Gioss National Product has been one of the highest in the world And, per capita income in 1981 was in the area of 1,990 U.S. dollars Brazil has a national territory of 8 1/2 million square kilometers and a population of 120 million, half under 20 years of age Gross savings are equal to 25% of the GNP

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Letters

Defiant Begin

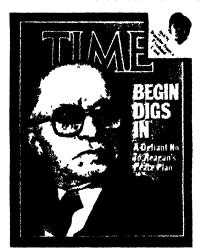
To the Editors

Menachem Begin [Sept 20] has said, "A friend does not weaken his friend" His actions have weakened the US in the Middle East, especially with the moderate Arab states Before Begin accuses the US of not being a true friend he should look at his own actions

Kenneth E Morris Coffeyville, Kans

The Arab League still refuses to recognize Israel's right to exist, yet you imply that Prime Minister Begin is the foremost obstacle to peace in the Middle Last

Amy and Dan Goldberger Mountain View Calif



What right has Begin to demand that the world bow to his dictates for bringing back a biblical Israel? If it weren't for the help the US gives Israel Begin would not have a country to defend

Al Hoenicke Sterling Heights Mich

As an American of Jewish descent 1 am disgusted by Israel's acts of the past tive months. The Israelis may not think they have become the oppressor but if it looks walks and quacks like a duck and has feathers well?

John H Cone Pasadena Calif

As a Jew who recalls the silence of a Pope and the indifference of President Roosevelt while 6 million of my people were burning the choice for me is simple Rubbi Esor Winer Ben-Sorek Great Neck N }

More than any other group Jews ought to be sympathetic to the Palestinian plea for a homeland. The Palestinians do not want to be scattered over the Middle Last any more than the Jews wanted to remain dispersed throughout Europe.

Marv Hanna Berkeley Calif

Remembrances of Things Past

I agree with your Essay [Sept 20] that Israel cannot dwell forever on the Holocaust and use that tragedy as its motivating force However, the Israelis would do well to keep attuned to the guns and the bombs going off at synagogues in Paris, Brussels and Vienna

Helen W Joffe Hamilton, Ohio

The past is proof of the Jews' ability to survive when other nations would crumple It is a history to be borne with sadness and pride However, Prime Minister Begin is creating a past that may not be remembered with pride He could prove to be the next disaster for the Jews

Stephanie Vincent Burlington, Ont

Since time immemorial the Jews have risen from the ashes, standing yet stronger in their beliefs. How else could they have survived if not for their devotion to the past' In every Jew, including American Jews is the remembrance of those who came before and of their trust that tradition will be carried on

Ellen Barson Hamden, Conn

Anti-Semitism has existed for centuries in Western civilization. Its culmination in the Holocaust occurred only 40 years ago. Has the Western world become so morally transformed since then that anti-Semitism is no longer a threat to the Jewish people? I doubt it

Lawrence M Rubin Tonawanda, N Y

Doing Time

In laying out the prison problem [Sept 13], you stopped short of telling us what works restitution. As you point out, virtually half of all inmates are convicted of nonviolent offenses. Why not require these offenders to pay back their victims and go to work for their communities, rather than crowd them into expensive and violent jails? Valuable cell space could then be saved for the dangerous offenders who should be in prison.

Charles W Colson Prison Fellowship Washington, D C

In 21 years as a prison chaplain, I have encountered a number of Sy Johnsons who feel they are chronic victims, abused and misused One of the alienating choices the Sy Johnsons repeatedly make is to sustain themselves with anger, bitterness and inner turnoil In their distorted view these intense and destructive emotions are the glue that holds their fragmented lives together Such individuals are totally threatened, even panicked, at the suggestion of giving up their anger

Perpetual time-doers like Sy Johnson

also have created a self-image as a loser They see themselves as inferior, inept, unworthy and unlovable

D Eugene Anderson Twain Harte, Calif

Simple Melody

The term minimalism for the new music [Sept 20] is a misnomer Far from being a look at sound through a microscope, it is more like a Xerox machine run amuck Steve Reich's Four Organs is not deceptively simple, it's just simple

Michael Ingham Santa Barbara, Calif

In denigrating minimalism, Composer Elliott Carter comments "One also hears constant repetition in the speeches of Hitler and in advertising It has its dangerous aspects" One also hears constant, repetition in the song patterns of birds and in the sound of the tide breaking on the shore

Eric J Ziólkowski Chicago

Plummeting Peso

Your story on Mexico's bank nationalization [Sept 13] was all too accurate Appropriation would be more like it Surely the spontaneous takeovers of industry, media and private property are not far behind

Nicholas O Collins Mexico City

If banks in Mexico had been nationalized as a result of a well-planned federal policy. Mexicans would feel proud But President Lopez Portillo did it to save what little prestige he had left

Juan Sánchez National City, Calif

Cool Allies

A closer relationship between Pakistan and the US [Sept 13] is essential if Soviet gains in nearby Afghanistan are to be checked. While the equilibrium that prevails in Pakistan seems precarious to some critics, Mohammed Zia ul-Haq's position is more secure now than at any stage since he swept into power five years ago. Zia is no tin-pot tyrant. He would not have lasted five years if he was not fulfilling the aspirations of his people. To counter Soviet expansionist policies, the US must keep its aid commitments no matter whether Pakistan's government fulfills the Western democratic requirements.

Jamil Ahmad London

LETTERS TO THE EDITOR should be addressed to TIME Letters, Time & Life Building, 3-6, 2-chome Ohtemachi, Chiyodaku Tokyo 100, Japan, and should include the writer's full name, address and home telephone Letters may be edited for purposes of clarity or space

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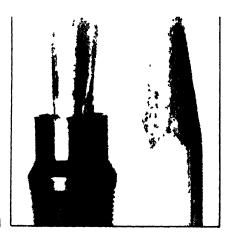
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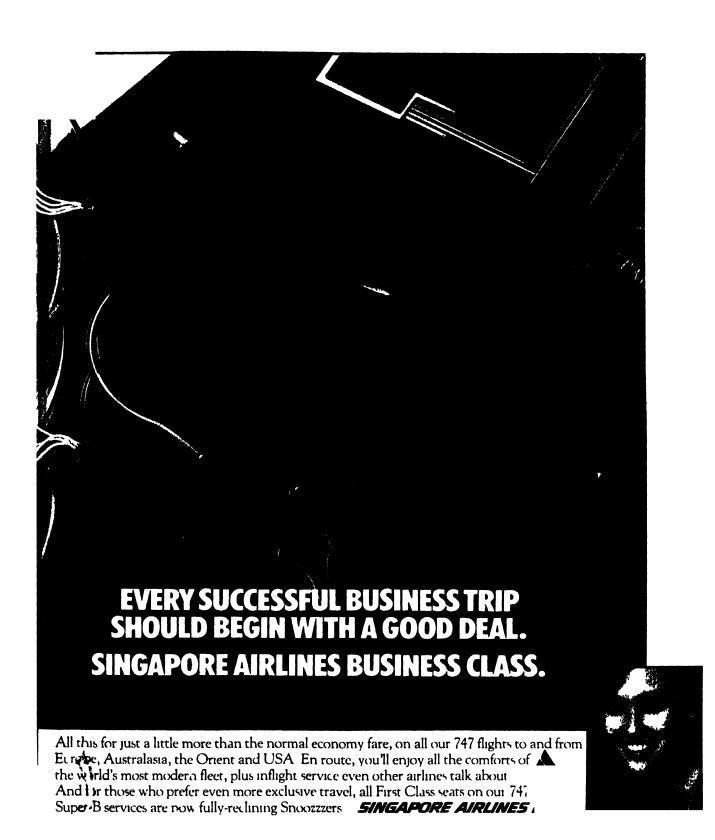
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A Letter from the Publisher

eriodically, TIMF presents its readers with an advance look at the memoirs of famous men. Excerpts first appeared in TIME from such works as Soviet Chairman Nikita Khrushehev's Khrushchev Remembers. The Last Testament (1974).

Anwai Sadat's In Search of Identits (1978), and former Secretary of State Henry Kissinger's White House Years (1979) and Years of Upheaval (1982) In this issue TIME offers Part 1 of a two-part serialization of Jimmy Carter's Keeping Faith the former President's personal account of his years in the Oval Office

This week's excerpts tell of the President's hopes and fears through the dramatic 13 days at Camp Datian peace treaty. Next week Carter

writes of the 444 days that tore at the very roots of his presidency the period in which America's hostages were held in Iran

Included in this special section is an exclusive interview with Carter conducted in Plains Ga by Assistant Managing I ditor Ronald Kriss, who supervised the excerpting of the Carter book and Chicago Bureau Chicl Chris Ogden Timi s White House and State Department correspondent during the Carter Administration. Ogden prepped for the interview by renewing old contacts with former Carter aides and reviewing stories and his own yellowing notes Recalls Ogden 'Carter is not a politician in the traditional sense who feels compelled to put up a false friendly front While gracious he was as usual all business. When the four-hour interview was over Carter said. TIME wrote some tough stories about me in the past, but I m really happy you're

publishing me In TiMi my book will reach the largest potential worldwide readership

The excerpting of Keeping Faith was done by Senior Writer 1 d Magnuson whose 90 cover stories over 20 years include three on the Iran hostage crisis Says Magnuson A President's recollections are a matter of history, so we were exceedingly concerned about not taking anything out of context

Helping Magnuson in the task was Reporter-Researcher Lileen Chiu who had also worked on

Cover: Illustration by Kinuko Craft

some of the Kissinger excerpts. I was struck by the timeliness of what the President said in Keeping Laith says Chiu Just as Author Carter is pleased to have his work in TIME we are sure LIMI's readers will be pleased to find it here

John a meyers



18

vid that resulted in the Israeli-Egyp- In Plains, Ga.: Chris Ogden, Jimmy Carter and Ron Kriss

Index



Cover: Hong Kong suffers a case of nerves after the first round of talks between Britain and China fails to assure that the colony's free-wheeling capitalism would survive a return to the Communist motherland See ASIA PACIFIC



Economy & Business: The one-year stopgap All Savers program to help banks and savings and loans actract funds is ending and even the stuffiest of bankers and brokers are chasing the \$31 billion involved



United States: As the campaign begins to heat up the economy emerges as a central issue with President Reagan and Congress blaming each other for the recession. Invigorated Reagan hits hard and proves hard to hit

World: U.S. Marines

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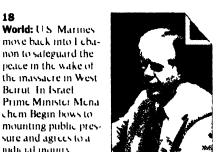
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chem Begin bows to

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judicial inquiry

Burut In Israel



34 Carter's Memoirs The former President recounts the 13 days at Camp David that led to a historic accord and provides in sights into the current Middle Last crisis An exclusive inter-View Scr SPECIAL SECTION



Music: Soprane Leona Mitchell is overpowering at the New York Metropolitan Opera as Leonora in Verdi s La Lorra del Destine Not bad for a rural Oklahoman who had never seen an opcra until she performed in one

2 Letters

72 Medicine

73 Environment

74 Cinema

75 Milestones

79 People

LBI Essay

82 Books

Asia/Pacific -

TIME OCTOBER 11 1982

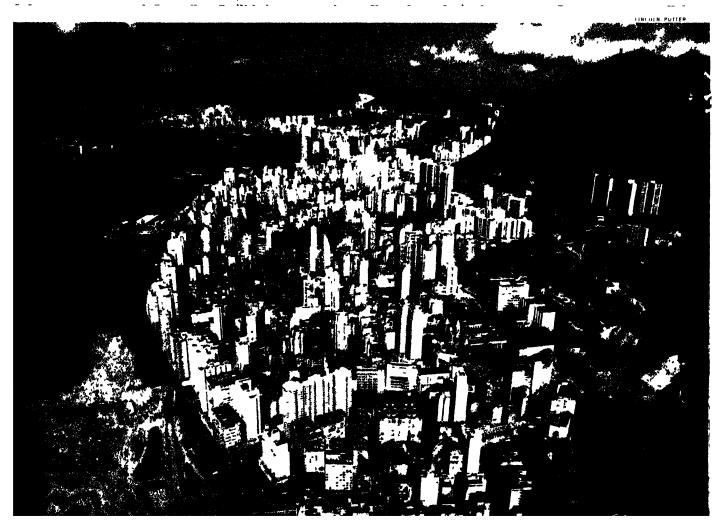
Counting Down to 1997

The boom fades, and Hong Kong worries about its future with China

Dinner is being served in the elegant hilltop home of a Chinese businessman Hong Kong harbor glistens far below its notses muted by the soft summer evening Spicy prawns and steamed broccoli follow shark's fin soup and amid the tinkle of crystal and the clicking of chopsticks the conversation turns inevitably to Topic 4 What would life be like under the five-star flag of the People's Republic of China? What passport would Hong Kong vertizens carry' What currency' How would one do business? Ideas crisscross the table but speculation quickly gives way to confession if China does take over Hong Kong at turns out everyone at the table has made contingency plans to move abroad. When a Chinese woman is asked whether she has the green card required for permanent residence in the US she replies. I have a green card and the children who are studying in the US will be eligible for theirs in several years

In a ladies garment factory in Kowloon Wong Sik Hong 36 works eight hours a day six days a week cutting out dresses bound for the American market He has labored in the garment industry for 20 years and saved enough money to buy a small apartment for his wife and three children His vounger co-workers have aspirations to do more than slave over a clothespress and some of them talk of joining | relatives in the US if China ever takes over Hong Kong Wong by contrast believes he has no alternative but to accept whatever comes Still he is troubled by the prospect of change 'In Hong Kong there is great pressure from money 'he savy but I am satisfied with the kind of society where the money you earn, you can keep

In the ramshackle Iai Han squatter settlement overlooking Hong Kong harbor Chan Chan 75 and his wife savor the temperate air in front of the green metal and tar-paper but where they have lived since fleeing China 35 years ago 4 retired warehouse worker who draws a social security pension of \$35 a month Chan has been on a waiting list for public housing for years. He is not resentful of his wealthy neighbors in the private high-rise apartment just 100 vds away where rents exceed \$1,000 a month and the children play in an enclosed 1stro-Inf field Iven though he would lose little if Hong Kong's capitalist system collapsed Chan would not welcome a Communist takeover Says he On the mainland life is different. You must work on the farm there. Here it is your own





tom the aeries of the very rich to the teeming haunts of the poor the most compelling topic of conversation for the 5.5 million residents of the British crown colony of Hong Kong is July 1, 1997. On that date the 373-sq-mi New Territories are scheduled to revert to

China under the terms of a 99-year lease that imperial Britain wrested from the tottering Qing dynasty in 1898. Treaties signed in 1841 and 1860 give Britain the remaining 34 sq. mi of Hong Kong Island and portions of Kowloon "in perpetuity, but the dismembered city could not survive for long on its own. Overnight it would lose more than 90% of its land area together with its airport half of its new subway line and most of its housing.

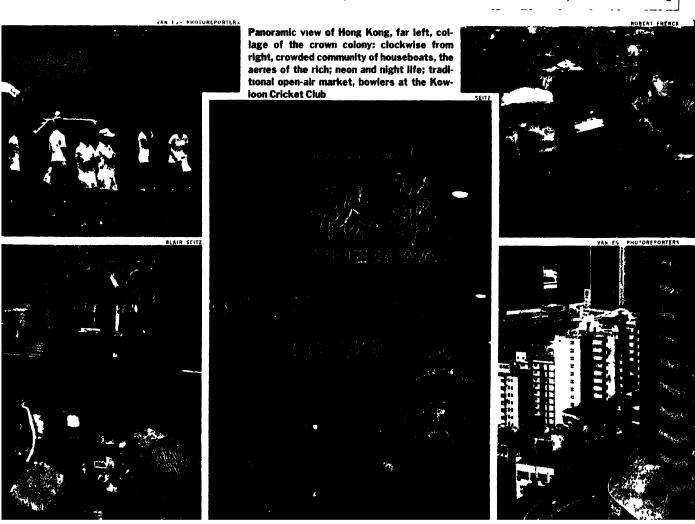
No one expects that either Britain or China would allow such a bleak scenario to unfold but Hong Kong residents cannot help being anxious Traditionally the crown colony has collected jetsam from the giant across the frontier. Since 1945, the stream has become a flood. More than 2 million people have fled the mainland drawn by the beckoning lights of Hong Kong They have climbed border fences bribed officials wedged themselves aboard fishing boats and swum through shark-infested waters driven by despair and political persecution. Some were or became fabulously wealthy entrepre neurs most were unskilled peasants and workers But together they helped to build a vibrant brash chaotic moneychasing and above all free city-state that is the antithesis of the Communist motherland

The prospect of reunification has sent shivers through Hong Kong's normally insouriant economy and the mood last



Stone Iron guards Peking's branch bank

week seemed to grow bleaker by the hour Stocks on the Hang Seng Index slipped 234 points decreasing the value of shares on average by 21%. The Hong Kong dollar also plunged to a record low of \$6.40 against U.S. currency. Though not all of the blame could be pinned on the vexing





Brokers trading securities at Sun Hung Kai Investment

Cranes towering above a construction site in the heart of the business district

1997 question jittery investors had new grounds last week for concern about the future

British Prime Minister Margaret Thatcher had just spent three days in Hong Kong in a valiant effort to shore up the colony's shaken confidence. The visit came near the end of a 14-day Oriental odvssey that had already taken her to Japan and China where discussions on the future of the crown colony had been the main item on the agenda Moreover Thatcher was armed with a joint statement, signed by China's Premier Zhao Ziyang pledging London and Peking

to press ahead with negotiations aimed at maintaining the stability and prosperity of Hong Kong Britain she assured business leaders in the colony was aware of its 'moral obligation to the people of Hong Kong Said Thatcher I beheve our differences can be reconciled and we can reach an agreement that is satisfactory to China and the people of Hong Kong and Britain

The anxious people of Hong Kong had, perhaps unrealistically, hoped for some specific indication of the city's future status. Failing that, they had wanted some guarantee that their way of life and socioeconomic system would be preserved The People's Republic after all had offered both terms to Taiwan last year in a proposal for peaceful reunification. But it soon became plain that it would require long and difficult talks with no guarantee of success to resolve this complex and emotional problem

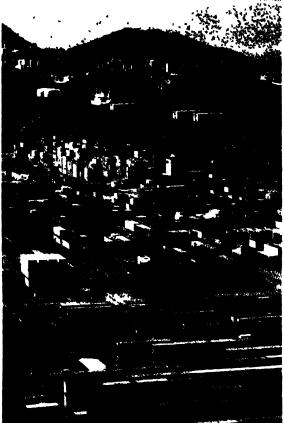
Thatcher had barely left the colony when Peking began to challenge her claim that Britain had an obligation to Hong Kong Calling the three 19th century treaties an ironclad proof of British imperialism s plunder of Chinese territory, the official New China News Agency spoke of Peking's "sacred misHong Kong Those were hardly words that residents in the enclave wanted to hear Said Margaret Ng a local columnist 'People here are not confident that the Chinese government or the British Prime Minister will put the interest of Hong Kong people first. We feel strongly that, when it comes to the crunch, we are not really important to them People are leaving their future more or less to fate

It is a bizarre quirk of history that this aggressively contemporary enclave which routinely buildozes the old to make way for the new should carry with it such a self-destructive legacy (see hox). Before

1997 loomed so large. Hong Kong had become used to the good life, poised at the apex of a lucrative trade triangle linking East and West. If the city once owed its distinctive name Fragrant Harbor to the aloeswood incense it produced some have said the predominant odor in Hong Kong today is that of cold hard cash. In 1982 the colony will generate an estimated \$23.5 billion in gross domestic product (GDP) Last year more than 10 000 cargo ships sailed past the junks and lighters in Hong Kong harbor carrying commerce from around the globe. Itade by land sea and an totaled \$43.5 billion

> When the Korean War embargo on trade with China drastically curtailed Hong Kong's role as a trade center, colony business leaders wisely chose to develop light industry Shrewd entrepreneurs have learned to keep one step ahead of worldwide demand, and the competition When South Korea and Taiwan challenged Hong Kong's hold on the international textile market the colony's nimble manufacturers shifted their emphasis from quantity to quality producing high-fashion garments that generated higher profits Meanwhile young entrepreneurs started making new knowledge-intensive' products such as sophisticated telephone equipment and electronics Says Peter Tsao, Hong Kong's commissioner of trade There's no other place with factories that can switch so quickly from producing plastic flowers to wigs to kitchenware to electronic games

> Hong Kongs economy has been blessed by an almost constant stream of immigrant laborers. They work an average of 49 hours a week in the 50 000 factories—some of them small, others sweatshopsthat form the backbone of the colony's industry Real wages of these laborers have grown 40% in the past eight years to an average of \$300 a month But the workers have



Containers of goods all but cover a Hong Kong wharf sion' to claim sovereignty over Poised at the upex of a trade triungle linking East and West fared less well in the city's chaotic

Asia/Pacific

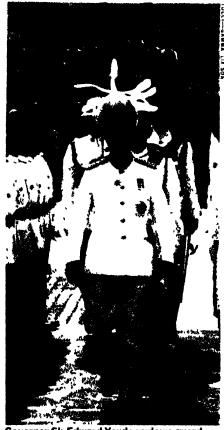
housing market There are 570,000 squatters living in wooden and sheet-metal anties clustered beside luxury apartent buildings and perched precariously n steep slopes. One million people live in Nouseholds of eight or more

At the other end of the social scale are the very rich Some American bankers estimate that at least 1 500 Hong Kong residents have a net worth of \$100 million each, all but a handful of them are Chinese There are few places in the world where wealth can be hidden or transferred abroad more easily than in Hong Kong and trade in gold and securities is brisk With a ceiling of 15% on personal income tax and a limit of 16 5% on corporate levies the colony has become the favored Asian headquarters for many of the world's major corporations and banks Savs Jimmy McGregor director of the long Kong General Chamber of Commerce. Hong Kong is the last truly capitalist place on earth

ven before the 15-year countdown started much of the colony's gold had begun to turn leaden. Once the most visible expression of Hong Kong's prosperity the manic real estate industry hit a peak last year and then began to slump. In the months that followed industrial land prices dropped 40% to 80%. Jitters about 1997 have made matters worse. Many businessmen now 1

prefer to rent rather than buy factory space until they see what develops from the British-Chinese negotiations. Some apartments used to fetch more than \$1 million but prices have now dipped 20% to 30% from the outrageous to the merely exorbitant Says Henry Long vice president of Hong Kong's Real I state Developers Association The uncertain future has become an additional worry in the mind of buyers. Without such a worry buyers would go ahead and get the apartment they need Now they will have to think twice or three times before doing it

At the very least, the real estate slump will cause trouble for Hong Kong's government whose budget has outpaced the boom growing tenfold in ten years. Government spending accounts for 24% of Hong Kong's GDP much of it allocated to expanding roads and public housing According to law all land in Hong Kong belongs to the crown and fully a third of the city-state administration's estimated revenues of \$6 billion comes from real estate sales If whe market depression continues, ome of the laissez-faire tax laws that Tave made the enclave an investors haven may have to go or the colony III face a drascic decline in government spending on capital-works



Governor Sir Edward Youde reviews guard



In a week when there was al- Colony dweller bicycles near barbed-wire border with China ready little to cheer about, Financial Worries about instability across the frontier

Secretary John Bremtidge announced that the colony's economy has been performing far worse this year than expected Real economic growth will measure only 4'c in contrast to 11'c in 1981 Exports of goods produced in Hong Kong will decline 2'c And investments will rise only 3% after reaching 13% last year Said a concerned businessman Today Hong Kong has double trouble -economic and political

Given the fact that the 1898 agreement prescribes the destruction of Hong Kong as it exists today many residents of the colony wonder why it is necessary to pay any attention at all to an arcane document from another era. When I 000 people in the crown colony were polled recently on the subject of Hong Kong's future, only ten favored a Chinese takeover Hong Kong's predominantly Chinese population 98% of the total may not be entirely satisfied with colonial status but the overwhelming majority clearly prefer the status quo

Britain and China also have little to gain and much to lose from a shift in the present arrangement. The Chinese have perhaps \$2 billion tied up in Hong Kong investments ranging from real estate development companies and shipping hims to department stores and banks. Through dummy corporations manned by "capitalist cadres who are answerable to the mainland the People's Republic also

tiaison gains the administrative know-how and technology that help to carry on its ambitious modernization program. The Communists can draw as well on the business acumen of superrich capitalists such as Financici Fung King-hey Property Magnate It Ka-shing and Shipping Tycoon Sit Y k Pao all of whom are as comfortable in the Great Hall of the People as they are in New York City boardrooms Most important trade with Hong Kong (mainly foodstuffs and raw materials) and remittances from Hong Kong residents to mainland relatives earn China fully 40% of its foreign currency each year Says a senior colonial administrator with pride Hong Kong turns Cantonese cabbage into gold

The once tightly sealed border with China has slowly begun to open to the transit of people goods and hard-earned Hong Kong dollars During the Chinese New Year as many as 750 000 colony dwellers stream across the frontier to visit relatives carrying the glittering prizes of life under capitalism. In a show of cooperation. China has agreed to provide 60% of the colony's water supply by 1992 and there is talk of an accord between the authorities of Cruangdong province and China Light & Power Co of Hong Kong to build a nuclear power plant just across the border. The colony is also expected to benefit from Peking's plans to devel-

projects

Asia/Pacific

op offshore oil deposits in the South China Sea and the Pearl River delta

In an initiative that could provide a bridge between conflicting economic systems. China has established four special economic zones' where rigid centralized planning has been relaxed. In the Shenzhen municipality a region covering the border area near Hong Kong investment from the colony has been encouraged Workers are paid higher wages and small factories have been given room for a bit of capitalist maneuvering Fifteen miles away in Shekou, Communist authorities have all but given Hong Kong's China Merchant Steam Navigation (o a free hand in administering the area's economic affairs

The colony may be Britain's pearl of

the Orient the heftiest jewel in a shrinking imperial crown but its economic importance to the mother country is dwindling. Hong Kong is Britain's largest trading partner in Asia but it sells \$100 million more goods to Britain than it buys. Many of the old British hongs, or trading companies have a majority of Chinese stock holders. As Britain has turned increasingly toward Furope, its ties to Hong Kong have loosened to the point of strain. Hong Kong textile manufacturers complain, for example that London has not given them sufficient support against protectionist moves by the Luropean Community.

Hong Kong residents are also irritated by provisions in the 1981 British Nationality Act that in effect relegate them to the status of second-class citizens

Those who hold British Hong Kong passports no longer have the automatic right to live in the United Kingdom And Hong Kong students attending British universities must now pay full tuition like any foreigner

At the same time the overt signs of British dominance in the colony are vanishing. Hong Kong's governor currently. Six Edward Youde is appointed by the Queen and top administrators must still be approved in London, but the city's day-to-day business goes on independent of Britain. In part, the muted British presence is in deference to Peking's sensibilities. A portrait of Queen Elizabeth II decorates stamps and coins, but Hong Kong's paper, currency is imprinted with the façade of the bank that issues it. When the

Kingdom of the Poppy

If the lion's paw is to be put down on any part of the south side of China, let it be in Hong Kong let the lion declare it to be under his guarantee a free port, and in ten years it will be the most considerable mart east of the Cape

-The Canton Register, 1836

Those enthusiastic words, circulated in an English-language weekly among the foreign merchants of Canton and Macao, were written nearly five years before a British landing party claimed Hong Kong Island in January 1841. They were prophetic but rare. When news reached London that Her Majesty's plenipotentiary, a certain Captain Charles Elliott, had won Hong Kong in the first phase of Britain's Opium Wai with China, Foreign Secretary Lord Palmerston was outraged it was, he declared, nothing but "a barren island with hardly a house upon it." Queen Victoria observed that her husband Prince Albert "is so much amused at my having got the island of Hong Kong." As late as 1859, when the new colony was clearly beginning to thrive, the London Times complained that "Hong Kong is always connected with some fatal pestilence, some doubtful war, or some discreditable internal squabble."

Unsavory events did not begin with the British. To be sure, the early occupants of the island (about 4,000 when the British arrived) were mostly peaceful folk the Punti from the near by Canton area, the Hakka from farther up the coast, the Tanka who lived permanently on their boats and made their living from the sea. To others, however, the well-protected port offered a darker business potential a haven for the great pirate fleets that menaced navigation throughout the South China Sea. When the pirate Cheung Po surrendered his fleet to the Manchunavy near Hong Kong in 1809, it consisted of 270 vessels.

British merchants were thus in appropriate company in the early 19th century when they sought to redress a worryome balance of trade by smuggling opium into China. By that time Britain was importing vast amounts of Chinese tea, silks and dried rhubarb, which Victorians favored as a laxative. The Chinese wanted little from Britain, except its pounds sterling. Only opium, smuggled in from the poppy fields of India by British East Indiamen and other merchants could induce the Chinese to spend some of that silver in return.

Opium smoking had come late to China Its people seem to have picked up the habit from Dutch merchants in Java who liked to mix a little of it with the tobacco in their pipes. In the 18th century the practice was outlawed by Peking's imperial edict, but the traffic went on In 1836 at least 30,000 chests of raw opium (each containing from 120 lbs to 160 lbs.) landed in



Spolls of the Oplum War: the crown colony with its waterfront, boat

China with the connivance of corrupt local officials, notably at Lintin island, off Canton Next year, when the influx grew to 40 000 chests. Peking tried to enforce the long-ignored ban British reaction was a complex combination of frustrated profit and a long-seething resentment of humiliations imposed upon them as 'barbarians' waiting at the doorstep of the Celestial Kingdom In London only the singular voice of young William Gladstone castigated the opium trade as 'this infamous and atrocious traffic' He warned Parliament that war over the matter would "cover this country with permanent disgrace" Ironically, when combat came in 1839, it arose from a clash between a Chinese and a Briton who both opposed the drug peddling

The Chinese was Lin Tse-hsu, an imperial official who had earned his reputation in the hinterland by stamping out opium smoking. He had set up an amnesty period for pipes and opium to be surrendered without penalty, and thereafter executed offenders. In Canton he demanded that the British traders give up their stores of the drug. Royal Navy Captain Elliott arrived on the scene, hoisted the Union Jack and turned over more than 20,000 chests of opium to Lin for destruction. The astonished Lin praised Elliott, the merchants branded him a coward.

ut Lin's demands went further he wanted the merchants to sign a bond pledging their lives that opium would never again be imported Elliott refused, and withdrew the British Queen visited the enclave in 1976 her speeches were carefully crafted to avoid even mentioning the word colony

In the past, Peking has shown similar straint A small defense force composed British and Gurkha battalions and sevestal hundred local volunteers, guards the colony's borders, but so far it has had little to fear from the mainland Even though Communist troops massed along Hong Kong's 22-mile frontier in 1949 and again during the Korean War they did not cross it And at the height of the Cultural Revolution in 1967, when screaming Red Guards in Canton and their youthful imitators in Hong Kong demanded that the colony return to the domain of the moth-Peking eventually moved to erland check the protests

Given this wary minuet between the Chinese dragon and the British iion both

of which are prudently incorporated in the colony's coat of arms, some Hong Kong circles would like the British to ignore the 1997 deadline, or at least follow the example of the Pottuguese enclave of Macao, 40 miles away and suspend the negotiations indefinitely 'What is 1997'" asks Loid Kadooije chairman of China Light & Power Co 'One side says it exists that it is written on a piece of paper. The other side says it does not believe in that piece of paper. Frankly, I believe we are the free zone of China and 1997 could have been yesterday or tomorrow.

hat line of reasoning does not go over well in Whitehall For Britain, the treaties give legitimacy to its current presence a point that Thatcher hammered home in a press conference at Hong Kong's Legislative Coun-

cil Chamber last week 'I believe those treaties are valid under international law," she declared 'If anyone does not like those treaties, the way to deal with it is by discussion between the two parties concerned Explained a colonial official "We British are a legalistic people We believe that until June 30, 1997, we have a perfect legal right to be in the New Territories After that date, as things stand, we will have to leave"

I'ven Hong Kong's haid-nosed financiers and land developers are subtly bound by this notion of legality. During the summer the Bank of China Peking's financial outlet in the colony purchased a prime commercial site in central Victoria in an apparent effort to allay fears about the colony's future. Local investors reacted in alaim when they realized Peking had picked up the plot at two-thirds the



traffic and Western-style buildings, circa 1880-85

merchants to Macao That summer a waterfront brawl in nearby Kowloon resulted in a Chinese death Elliott could not produce the guilty party, and the British were evicted from Macao That was too much for Elliott he led a punitive force up the Pearl River estuary toward Canton and hammered Chinese warships with broadsides Later battles won a tentative peace settlement, awarding the British \$4 5 million and Hong Kong

The story ended bitterly The Emperor repudiated the agreement A second, bloodier phase of the war followed The British occupied Shanghai and besieged Nanking This time the terms were harsher The 1842 Treaty of Nanking confirmed Britain's hold on Hong Kong, and opened five treaty ports, including Canton and Shanghai, to European commerce China agreed to pay an indemnity of \$16 million

From that time on, despite typhoon and epidemic, oppressive heat and periodic riots, the colony prospered. Old opium trading firms like Jardine, Matheson & Co, stout Scottish Calvinists who had become leading taipans (big bosses), branched put into more respectable businesses, though the opium trade portinued well into the 20th century (Ultimately banished, it is bounded heroin from Southeast Asia's Golden Triangle, is metimes smuggled through China, is now one of the colony's lost insidious wellsprings of crime)

Threats came and went During the Boxer Rebellion of 1900, when xenophobic rebels stormed the legations at Peking,

Hong Kong was hit by violent echoes. At the height of nationalist fervor on the mainland in 1925, when Chiang Kai-shek stood in brief alliance with the Communists, a general strike in Hong Kong almost brought down the colony. But the Japanese invasion of China in 1937 pulled the Chinese and British closer together. When Hirohito's troops descended on Hong Kong in 1941, Asian and European alike defended it valiantly until it fell. Another sort of siege hit the colony in 1967, when the radical zeal of the Red Guards spilled over into a terrifying outbreak of riots in Hong Kong.

By then Hong Kong had grown immensely in size and population Beyond the simple lure of fortune, disasters elsewhere, as they have to this day, cast thousands into its sanctuary the devastating Taiping rebellion of the mid-19th century in the decaying Manchu Empire, the Japanese invasion of the 1930s Kowloon, 3½ sq. mi. on the mainland just opposite Victoria, was added by treaty in 1860, and the New Territories, including some of the islands around Hong Kong, were acquired by the now critical lease of 1898. After World Wai II the colony fairly burst open as the Communist Chinese took more and more of the mainland Between 1945 and 1950, Hong Kong's population quadrupled from 600,000 to 2.4 million. Not until 1980 did the colony finally succumb to a firm policy of sending refugees back if they were apprehended

In its pell-mell scurry to survive, Hong Kong has cared little to preserve or even remember its past, perhaps because it is plunging so acquisitively into its future. The elegant seaside bungalows of the fabled Repulse Bay Hotel have been the latest casualties. The Foreign Correspondents' Club, "once on a high and windy hill," in song, film and Han Suyin's 1952 novel A Many-Splendored Thing, long ago was evicted from its romantic location. The raunchy Wanchai district of Richard Mason's The World of Suzie Wong is becoming priced out of sin, and blossoming with new office buildings. Even that bastion of colonial eminence, the Hong Kong Club, could not be saved by pleas to Queen Elizabeth herself. Perhaps the colony's Chinese were not so sentimental about it until 1964 they were barred from membership.

Yet Hong Kong, both past and present, remains a remarkable achievement, a fact confirmed years ago by no less a Chinese hero than Dr Sun Yat-sen, the founding father of the Republic of China Surveying the city at the turn of the century, the republican revolutionary was amazed "I began to wonder," he reflected in 1923, "how it was that foreigners, that Englishmen, could do such things as they had done, for example with the barren rock of Hong Kong, within 70 or 80 years, while China, in 4,000 years had no place like Hong Kong Where did I get my revolutionary ideas? It was entirely in Hong Kong "—By Mayo Mohs.

Reported by illing Wong/Hong Kang

Asia/Pacific

going rate 11 and office for a repayment schedule that China had a great to a repayment schedule that would end two years short of 1997. Last week I hatcher tried her hand at public relations and attended the official opening of the Castle Peak A power station. Unlike the Bank of China scheme financing for this major energy project extends five years beyond the lease date.

As last week's harsh blast at Thatcher made clear. Peking has no sympathy for Britain's legal compunctions about the colony but until recently it seemed content to leave well enough alone. As a Chinese official traveling with the Thatcher entourage in Shanghai noted. It has been the socialist policy to allow Hong Kong to stay as it is. We did not ask for the talks Britain did. Indeed in an effort to head off trouble well in advance of the 1997 deadline. British Deputy Loreign Secre-

to develop its own ideas on the sovereignty issue China wanted its claim to the entire colony to be recognized without endangering any of the financial benefits it received from the capitalist enclave. A series of leaks from Peking both deliberate and accidental have strongly suggested that this notion of sovereignty includes some measure of political control over Hong Kong One scheme widely reported in the colony's hand-wringing press would give Peking the right to appoint a governor of Hong Kong with full colonialera powers. The idea has prompted neryous warnings that such a scheme cannot work As London's Financial Times put it The Chinese have to admit in effect

The Chinese have to admit in effect that they cannot run Hong Kong because if they did it would not be Hong Kong

Many businessmen are worried that Peking may press Britain for a powersharing arrangement. One plan floated by



Vietnamese boat people awaiting placement in Hong Kong refugee center

tary Humphrey Atkins traveled to Peking last January to propose opening negotiations on Hong Kong's future. I ven it it did not accept Britain's basic premise for beginning the talks. China's leadership agreed that the time had finally come to resolve the prickly issue.

After gaining China's consent to start negotiations the Thatcher government found itself embroiled in a colonial controversy on the other side of the globe Though the crown colony's plight could in no way be compared with the problems of 1,800 sheep farmers on a remote group of South Atlantic islands the Falklands war nonetheless drew public attention to Hong Kong And in the aftermath sovereignty 'took on a different ring in British ears vastly complicating a delicate diplomatic process in which Britain's only claim to authority seemed to hinge on three 19th century agreements. Such talk of treaties left Britain vulnerable to accusations of old-style imperialism. Warned an editorial in the Hong Kong Standard last week The British position based firmly on yellowing documents of a bygone era, appears an obstinate even anachionistic one

As the months passed Peking began

authoritative sources in China calls for the gradual transfer of power during a transitional period of from 15 to 30 years British law might be preserved relatively intact and the colonial administration kept on by contract of the position of governor could be rotated between British and Chinese appointees. Other formulas vaguely speak of rule by a Sino-British committee Says Albert Kwok general manager of Wing On Bank Power sharing would be very complicated to say the least I'm sure the British would leave Hong Kong rather than share power with the Chinese Pavid Newbigging head of Jaidine Matheson & Co. one of Hong Kong's original trading firms also remains unconvinced. Whether you are talking business or politics it has to be absolutely clear where responsibility authority and accountability lie

For many crown colony residents the only feasible solution to the present impasse would be to make an artificial but face-saving distinction between the recognition of sovereignty and its actual exercise. Britain for example could sign a treaty of friendship with China that would formally acknowledge Pekings claim to the colony. London would throw

in a few symbolic concessions such as allowing the Chinese flag to fly alongside the Union Jack over Government House of replacing British armed forces with a locally recruited militia. It might also agree to pay an annual tribute to Peking possibly a percentage of real estate tax revenues. Britain however would rule. In effect, China would be given the trappings of sovereignty to assuage national pride but it would wield no power Such a trick would as one British diplomat aptly put it replace the fiction that Hong Kong is part of England with the fiction that it is part of China.

hatever Solomonic solution i Peking accepts on the sovereignty issue there is still a lingering fear that the Communists may ultimately find Hong Kong unmanageable One Chinese business 'i man who has dealt with Communist officials fears they will make a major miscalculation that could bring about the enclave's ruin. Says he. The problem is that there are some officials in Peking who believe they could run Hong Kong that they could somehow have a Communist administration and a capitalist economy. They don't understand what makes this place tick. Gabriel Ip a part-time worker in a Hong Kong apartment rental agency puts it in starker terms. They cannot allow us to get too close to them to take us into their system because they know we are like germs. We will transmit disease to them

Though immediate national or ideological interests could conceivably prod Peking to pull down Hong Kong's capital ist house of cards. China does have long-term objectives that counsel restraint. The sudden flurry of diplomatic initiatives has many. China watchers wondering what Peking intends to do about Taiwan which is carefully monitoring events in the crown colony. Says a Western analyst in Peking. If China blows it in Hong Kong the people of Taiwan will never believe any mainland promises to them.

Sorting out the fine points of the sovereignty issue could take Britain and China as much as three years by some estimates Most Hong Kong leaders believe such a long period would generate further instability and severe economic decline But in the meantime with the same cheek that has pulled the colony through difficult times in the past, and might do so in the future a few colony residents were already finding new ways to profit from the 15-year countdown No sooner had Thatcher left town than enterprising street vendors began hawking I shirts, emblazoned with a message of hope A black line had been stenciled through the date 1997 next to it 2096 OK had been added in bold letters. Escapist? Perhaps, but at four dollars a shirt it was a cheap way to buy time --- By John Kohan. Reported by Sandra Burton and Ross H. Munro/ Hong Kong

AUSTRALIA

Clouded Games

In unfriendly competition

t least at poolside and playing field, on badminton court and bowling lawn, the Commonwealth is alive and well. To the cheers of thousands of spectators in the Queensland capital of Brisbane, the Duke of Edinburgh last week opened the twelfth quadrennial Commonwealth Games, and 2,200 athletes began nine days of competition in ten sports including badminton and bowls. Fortyfive of the 58 Commonwealth members were represented even the tiny Falkland Islands sent a two-man rifle team.

Ignoring the 1956 Melbourne Olympics, Queenslanders who have been preparing for six years to host the Commonwealth Games declared them the greatest sustralian sporting spectacle of the century. To achieve the spectacular, the state had spent \$37 million on a 60 000-capacity stadium and other venues and added a cultural center and downtown mall to Brisbane (pop. 1.1 million). A stylized red-white-and-blue kangaroo was chosen as an emblem under the slogan. THE IRIENDITY GAMES.

Unfriendly gamesmanship surrounded the event even before it started. The first problem surfaced last year when many black member nations of the sponsoring Commonwealth Federation considered whether to show up in Brisbane at all They were angry because the New Zealand Rugby Footballer Union had hosted a tour of the South African Springboks ignoring Pretoria's apartheid policies. That threat eased after a meeting in London last May when federation members agreed to a change in its constitution thus preventing any member who plays South Africa from participating in Commonwealth events. The amendment is to get final approval in Brisbane

aidly had that controversy been resolved than more ominous clouds gathered at home. Though Australian aborigines have improved their lot in recent years, serious problems remain in health care education and general discrimination—nowhere more so than in Queensland. The aborigines biggest complaint has been that Queensland, unlike other states, has refused to grant aborigines rights to their ancestral lands.

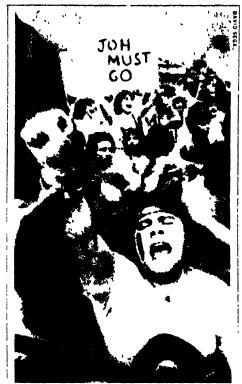
rights to their ancestral lands
The Commonwealth Games as a re-

sult, seemed a shrewd place for protest 'They (Queensland officials) have no right to pose before the world as a just society, 'complained the aboriginal leader Charles Perkins, a special adviser to Aus-

'ralian Prime Minister Malcolm Fraser
'They have a history of persecution of the

a soriginal people "

;/ Ready to confront any protest was one of Australia's most reactionary politicians. Queensland's 71-year-old Premier Johannes Bjelke-Petersen Premier Joh, as Queenslanders refer to him, blithely in-



Aborigine counterdemonstration in Brisbane
A spear in the leg did not keep them away

sisted that "our abougines live like kings they re on clover,' and called their protests a Soviet plot. Prior to the games, the Premier pushed through laws against wearing 'prohibited things' at the games, like T shirts inscribed with pro-aborigine slogans, and distributing 'prohibited presumably meaning political pamphlets Protest marches were forbidden The Queensland legislature also passed legislation giving aborigines restricted title to 7 million acres or 1.7% of the state's area. But the new law was cosmetic it also prevented aborigines from selling such land or reaping income from its mineral rights

As the games approached and press and participants from around the world arrived aboriginal leaders decided that passive resistance would be their most productive ploy They called for peaceful demonstrations and promised that hotheads who ignored that decision would receive tribal punishment a spear in the leg As aborigines poured into Brisbane to mock the Commonwealth events with games' of their own texhibitions of tribal song and dance) the controversy, while nonviolent, continued An aboriginal march into downtown Brisbane in defiance of the new laws went unopposed after police issued a quick permit for the demonstration Another attempted march by 150 aborigines ended after police arrested 39 en route. As the games began, everyone remained edgy mindful of a warning by Edward Olu Sanu Nigeria's High Commissioner to Australia, that 'if there is serious violence during the games, it will be very difficult for the black nations to continue to participate"

Moby Ship .

The saga of the Mutsu

The Flying Dutchman may have been doomed to sail through eternity, but at least it got to sea with a certain regularity Not so the 8,214-ton Mutsu, Japan's only nuclear-powered ship Launched in 1969 as a \$21 million effort to help Japan maintain its global lead in peacetime shipbuilding into the 21st century, the illstaired Mutsu has spent most of the intervening years in hot water. The first setback came as the vessel prepared for its maiden voyage Unwilling to risk a nuclear accident in their scallop-rich home waters, the fishermen of the northern seacoast city of Mutsu refused to let the ship leave its moorings. The Mutsu thus spent the next four years tied up in the port for which it is named

finally the government had had enough On a stormy night in August 1974 the Mutsu was secretly ordered to sea Once on the open ocean, the ship developed a radiation leak in its reactor The leak was minimal, but in Japan, where the memory of Hiroshima and Nagasaki is ever present, any uncontrolled radiation evokes a strong response, in this case a violent seaborne protest Entaged fishermen shouting 'Shinde shimue!' (Drop dead!) through hand held loudspeakers, blockaded Mutsu Bay and prevented the crippled vessel from returning to port. Unwelcome anywhere else in Japan the Mutsu languished at sea for the next 45 days

Ultimately it landed, thanks to the intervention of Prime Minister Zenko Suzuki, then an up-and-coming member of the ruling Liberal Democratic Party, who hails from the bay area. But the price was high. In return for allowing the *Mutsu* to return home, Suzuki offered the protesters some \$4.5 million in government aid to be used for, among other things, promoting tisheries building a gymnasium and setting up a \$1 million fund for use in the event that nuclear contamination of the bay forced a drop in fish prices. The fund fortunately has never been needed.

After remaining in its home berth for another four years the Mutsu was sent to the southern port city of Sasebo for repairs In the four years since then the Japanese government has shelled out almost \$64.5 million for repairs moorage fees and aid to mollify restive fishermen in Sasebo Despite these vast outlays the Mutsus reactor has never produced enough steam to turn its propeller even once Still, the government shows an Ahab-like determination to turn its nuclear albatioss into a swan. An additional \$236 million has been set aside to build a permanent base for the ship at Sekinehama, not far from Mutsu That facility will be four years in the making Meantime, the Mutsu will wait at its original berth, to which it returned last month, under conventional power

World

WISI GERMANY

Changing of the Guard

Schmidt is out. Kohl is in, and an ambiguous new era beckons

inally, the weeks of confusion and political conniving had come to an end Bored though they were by a debate that had droned on for more than five hours members of West Germany's parliament watched closely as Bundestag President Richard Stucklen rose to make a curt announcement the opposition motion of no confidence in the mi-

nority government of Chancellor Helmut Schmidt had carried by a vote of 256 to 235 with four abstentions While colleagues began congratulating Opposition Leader Helmut Kohl the Christian Democratic Party chairman grinned broadly as he acknowledged the results of the ballot Said Kohl Mr President I accept the vote

Through a seldom used constrtutional provision called a constructive' vote of no confidence, Kohl 52 had become West Germany's sixth and youngest postwar Chancellor ending 13 years of continuous rule by Social Democratic governments. Hours after the decision, an ebullient Kohl garbed in cutaway coat striped trousers and top hat accepted the formal document of his appointment from Karl Carstens President of the Federal Republic Kohl declared his unprecedented parliamentary victory a great day for democracy and proclaimed the task ahead to be a spiritual and moral challenge

Last week's momentous Bundestag vote grew out of weeks of virtual paralysis and political infighting between the country's major parties following the Sept 17 breakup of Helmut Schmidt's ruling center-left The aftermath: Schmidt, right, congratulating his successor coalition. It marked the first time , In unorthodox end to an eight-year reign as Chancellor in West Germany's postwar history

that a change in leadership was brought about by the use of the constructive procedure * The unorthodox method of the changing of the guard in Bonn gave an element of instability and uncertainty to the fledgling Kohl government which has tentatively promised national elections for next March 6 Kohl's new coalition is untested and his Christian Democratic Union has not been overwhelmingly suc-

*Under Article 67 of West Germany's constitutional Basic Law a simple majority of deputies in the 497-seat Bundestag can remove the Chancellor provided that they constructively designate a successor As Christian Democratic leader in 1972. Rainer Barzel tried and laifed to use the provision to topple Social Democratic Chancellor Willy Brandt. cessful in recent state elections. Kohl's new junior partners the Free Democrats. led by Schmidt's former I oreign Minister Hans-Dietrich Genscher carry the stigma of having bolted from their longtime coalition with the Social Democrats Since then they have suffered severe setbacks at the state level

Beyond that the new Chancellor



vill face vige ous opposition from the Social Democrats and from West Germany's rising third force of environmentalists and antinuclear activists known as the Greens. Kohl seemed to grasp the political difficulties confronting him as he faced television cameras after the Bundestag vote Said he Now I am the Chancellor I have been in politics too long know too much about the daily routine of politics not to know what difficulties lie ahead

Schmidt 63 looked ashen as he shook hands with Kohl following the Bundestag debate that preceded the balloting After eight highly visible years as Chancellor Schmidt precipitated the no-confidence vote when he abruptly broke up the SPD's alliance with the Free Democrats and called unsuccessfully for new elections after it had become obvious last month that the Free! Democratic Party (FDP) was about to switch its allegiance to Kohl Schmidt's departure from the glass-and-steel

Chancellery in Bonn marks the end * of an era. The economist-politician from Hamburg a man of formidable intellect and political skill established himself as a world statesman the first West German leader since World War II to pursue an assertive foreign policy unclouded by guilt about the past. One long-1 time acquaintance who W.15 shocked by Schmidt's defeat former US Secretary of State Cyrus Vance praised the ousted Chancelfor for his great intelligence and a great deal of wisdom he has a rate combination of both

Schmidt spent his last evening as Chancellor working in his office until about 8 pm then took a car to SPD headquarters on Bonn's Ollenhauerstrasse to address a raindrenched rally of some 1500 party faithful Wearing his trademark blue wool sailor's cap Schmidt drew thunderous cheers as he declared. The SPD is the only party committed to peacemaking

Bundestag The convened promptly at 9 the next morning Speaker after speaker from each side i droned on charging the opposing forces with treachery and duplicity Schmidt dressed in a dark-blue suit sat in the first seat of the government bench characteristically studying documents making small marginal

notes seemingly paying no attention to the debate. Kohl occupied seat. No. 13.1 of the opposition benches behind and above him in the chamber's diplomatic gallery were Kohl's wife Hannelore and their two sons Walter 20 and Peter 18

Schmidt began his 58-min valedictory speech with a litary of SPD accomplishments over the past 13 years Then he lashed out at the newly formed center-right coalition that was about to bring down his government way of behaving is legal, but it has no inner no moral justification' shouted Schmidt The voters will not forget this behavior for many years" He admonished Kohl to "tell the whole people today, without ifs or buts, that we will elect a new parliament on March 6" sause of all the speeches the secret balloting on Kohl's no-confidence motion began two hours later than scheduled Though the votes were tallied behind closed doors, expectant Christian Democratic deputies got advance word that Kohl had won, and began slapping each other on the back and shaking hands Exulted one "We re back where we belong at last!"

Five days before the Bundestag ballot West German voters seemed to display their unease about the impending new coalition in elections for the local parliament of the central industrial state of Hesse Widely expected to win a clear majority in that election, the Christian Democrats polled 456% of the vote The I ree Democrats were A iped out of the assembly gaining only 31% of the vote far less than the 5% necessary to retain representation Campaigning vigorously under the slogan "Betrayal in Bonn Schmidt's Social Democrats gained 428%, an increase of more than 10 percentage points over their predicted total Said SDP Chairman Willy Brandt after the election. The electorate has spoken. The Hesse elections have strong national implications

Brandt hoped that the Hesse results would deter the Free Democrats from joining forces with Kohl Two days after the election however the 54 Free Democrat members of the Bundestag decided by a vote of 34 to 18 to go ahead with the no-confidence maneuver

low-key politician from Rhineland-Palatinate who has spent three decades in Christian Democratic national politics Kohl is a striking contrast to the harddriving and brilliant but sometimes arrogant Schmidt Known in West Germany as the Black Giant, the dark-complexioned 6-ft 4-in jowly Kohl is folksy gregatious and a devout Roman Catholic In the Bundestag, Schmidt is always poised and formal Kohl on the other hand has frequently been seen sitting on the opposition benches roaring with laughter, as if parliamentary business were some huge joke Kohl is fond of saying that 'my strength is that people are ready to buy a used car from me without testing it

The personal differences between Kohl and Schmidt will undoubtedly stand out most sharply at international conference tables. With his economists fraining and his experience as West Ferman. Defense Minister under frandt, Schmidt brought vast expertise international economic issues and nuflear defense questions within NATO a gap that Kohl cannot hope to fill Balanced against that, however was Schmidt's notorious impatience which drew sparks from other strong-willed

statesmen, and his increasingly frequent bouts of personal depression

Despite his inexperience, the jovial Kohl may get along better than Schmidt did with Ronald Reagan and Britain's Margaret Thatcher The fact that the three share a conservative political philosophy may be more important than one impediment to mutual understanding Kohl speaks little English In Washington, White House officials note with pleasure such Kohl statements as "People have come to think of the Soviet Union only as a detente and trade partner We have to remind them of the true nature of Soviet expansionism"

On major foreign policy issues, however, the difference between Kohl and Schmidt, at least in the short term is more likely to be one of tone rather than substance-what a Kohl aide has called "continuity with new accents The new Chancellor will echo Schmidt's firm stand in support of the 1983 installation of intermediate-range cruise and Pershing II missiles in Western Europe although he may face more vociferous opposition than his predecessor did from West Germany's burgeoning antinuclear movement Also, Kohl is unlikely to change West Germany's position on the building of the Soviet gas pipeline, since the project will have a direct effect on his country's business interests

Kohl will have to tread cautiously at home Even before his Bundestag victory last week, West Germany's powerful trade unions had begun girding for conflict with the new Chancellor, who must quickly come to grips with problems of the country's sagging economy The most sensitive issue is social-welfare spending at a time when 18 million West Germans are unemployed, businessmen are complaining loudly that 70% of their labor costs are for social benefits, the steepest percentage in Western Europe Says Liane Launhardt an economist for the Frankfurt-based Commerzbank "There is no doubt that what we have done over the years is escalate the social safety net Agrees Economist Wolfgang Baumann of the Cologne-based Federation of Industry What we need is a shift to supply-side economics, German-style '

Any such move is liable to trigger harsh union reaction. In response to a relatively mild Kohl proposal for limiting public-sector wage increases, Monika Wulf-Mathies, leader of the country's 12 million-member civil servants union, called the plan a "declaration of war, and threatened strike action if the proposal is carried out. Having long and patiently planned his parliamentary assault on the Chancellor's office. Kohl must now prepare for all the battles that his new job will entail. —By George Russell. Reported by Roland Flamini and John Moody/Bonn.

Heimut Kohl being sworn in as the new Chancellor by the Bundestag president





Landing by helicopter and amphibious assault vehicles, the first of 1,200 U.S. Marines arrive in Lebanon to help keep the peace

World

MIDDLE LAST

Once More into the Breach

The Marines have landed, again, and Israel launches a massacre probe

ome waded ashore through waistdeep Mediterranean waters their M-16 automatic rifles held high over their heads. Others arrived in amphibious assault vehicles that splashed up on the beach and rumbled toward the airport Still others clambered out of hovering Chinooks and Sea Stallions from the aircraft carrier Guam anchored some two miles offshore. The US Marines were back in Lebanon last week 1 200 strong only 19 days after leaving that embattled country following the evacuation of some 11,000 Palestine Liberation Organization guerrillas from West Berrut Their latest mission, as well as that of I rench and Italian troops to help the Lebanese government keep order in the wake of last month's massacre of as many as 400 Palestinians by Lebanese Christian militia forces allied to Israel

The other members of the multinational peace-keeping force had already taken up their positions by the time the Marines landed France's 1 560 men were stationed in the northern part of the capital, including the Sabra and Shatila refugee camps where the massacre took place. To the south were 1,200 Italians whose zone included Burj al Barajneh the largest Palestinian camp in West Beirut. The American zone consisted of the area around Beirut International Airport (see map)

dispute over the evacuation of Israeli troops from the airport. The Israelis had arranged to keep a small technical unit there but the Reagan Administration insisted on the removal of all but one Israeli air controller from the airport and all other troops from Benut Prime Minister Menachem Begin capitulated to the American demands after receiving what U.S. officials described as an extremely tough cable from Washington

Administration officials had little time to rejoice over that small victory before they received more bad news from Beirut A 155-mm cluster shell of the type supplied by the US to Israel exploded on the airport tarmac, killing one Marine and wounding three others. The shell was apparently left over from the heavy fighting last summer between Israeli troops and guerrillas of the PLO The dead man Corporal David L Reagan 21 of Chesapeake Val was a combat engineer assigned to clear the airport of land mines and other explosives

Only hours before the fatal accident Lebanese President Amin Gemayel had officially reopened the airport to commercial flights and proclaimed an end to the so-called Green Line that since the 1975-76 civil war had divided the capital into a predominantly Muslim West and a Christian East. At a festive Beirut ceremony complete with Lebanese military bands playing Yankee Doodle Gemayel called the relinking of the city a symbol of national unity and unity of the hearts

Also seeking to foster unity U.S. Special Invoy Philip Habib arrived in the AVMA ALLIN Capital late last week for talks

with the new Lebanese President Habib was returning from meetings in Israel Jordan Saudi Arabia and Egypt, where he had sought support for the withdrawal of all foreign forces from Lebanon and for Reagan's Middle East peace proposals. In Jerusalem, meanwhile a huge outpouring of public, criticism forced Prime Minister Begin to agree to a full-scale judicial investigation of Israel's role in the refugee-camp massacre a process that might ultimately lead to the fall of his government

The Marine casualties heightened the confusion over



The Marines' landing had Leathernecks searching for mines near the Beirut international Airport been delayed fous days by a Trying to make something better out of a whole series of horrors

Reinhold Messner and his Rolex enjoying the fresh air at the summit of Everest.

Ask any climber his nomination for the greatest living mountaineer in the world, and almost inevitably he will answer "Reinhold Messner."

That is not simply because Messner is the only climber to conquer eight mountains of 8,000m or more, but also because of his methods

Reinhold Messner climbs "by fair means": without oxygen equipment; without pitons; without porters

"Now technology has overtaken the climbing," says Messner "I want to climb with my strength, with my fears, with my senses So, climbing for me is a matter of self-exploration, to discover

more about myself. I want to solve a mountaineering problem in the mountains, not in the sporting goods store"

And his achievements have left the mountaineering fraternity shaking their heads in disbelief.

Messner was the first to climb Mount Everest (8,848m) without oxygen. Completely alone he conquered the 8,125m peak of Nanga Parbat.

He climbed K2, at 8,611m, the second highest and most difficult mountain in the world. Accompanied by Michael Dacher and a small expedition, this was achieved in record time.



These exploits are recorded in his books 'The Seventh Grade,' 'Solo Nanga Parbat,' 'Everest' and 'Big Walls,' and have become best-sellers.

In 1980 Reinhold Messner risked "madness" as some called it.

The ascent of the north face of Everest from Tibet.

Completely alone, during the adverse weather conditions of the monsoon season, Messner climbed for days at altitudes known to mountaineers as the death zone.

Without oxygen equipment; without a partner; without native porters.

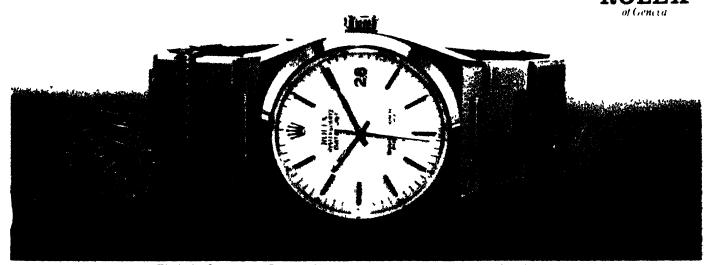
Without the possibility of rescue.

But one piece of equipment Messner never climbs without is his Rolex Oysterquartz

"To be up there without a precise and absolutely reliable watch would be madness," says Messner. "My Rolex is my life insurance. When to make camp; my rest period at the peak; the night-time decampment all have to be timed precisely.

"For me there is no better watch."

And as demonstrated: at 8,848m; at 40 degrees below zero; and even without oxygen, Reinhold Messner and his Rolex both function perfectly.



The Rolex Oysterquartz Datejust Chromomeur in stainless steel, with matching bracelet Other Oysterquartz models available in 18ct gold, and also in combination gold and stainless steel

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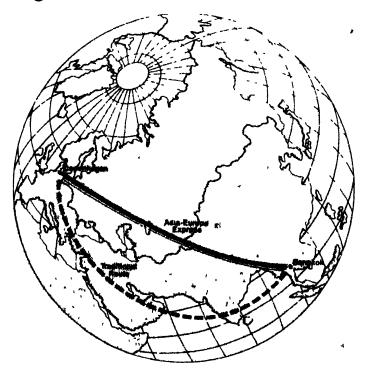
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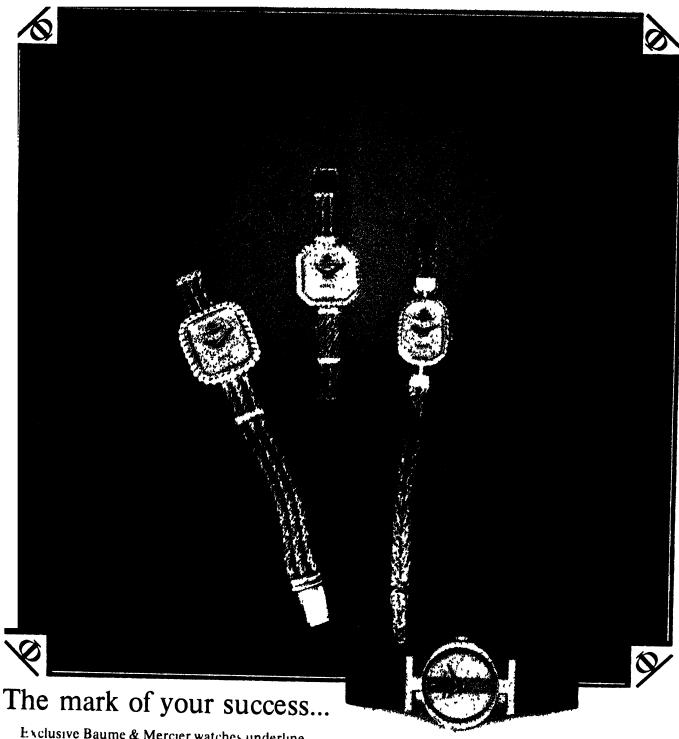
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GENEVE 1830

At the leading watchmakers' and jewellers'

the precise role and duration of the US peace-keeping mission At his Washington press conference last week, the President astounded aides by intimating that he Marines would not leave Beirut until I Israeli and Syrian forces had withrawn from Lebanon Officials at the tate Department and White House subsquently issued elaborate clarifications of what Reagan really meant State Department Spokesman Alan Romberg insisted that the withdrawal of foreign troops was a goal but not a criterion for a US departure Testifying on Capitol Hill, Assistant Secretary of State Nicholas Veliotes set the end of this year as the outer limit 'while a Pentagon spokesman said the troops would be there as long as necessary 'Some members of the Senate Foreign Relations Committee said the casualties showed that the Marines were in a hostile situation and that Reagan was thus required under the War Powers Act to seek congressional approval for any deployment exceeding 60 days

Seeking to resolve these apparent contradictions the White House claimed that the President spoke from a realistic expectation that the Israelis and Syrians would soon leave Lebanon Indeed both sides have professed their willingness to do so Other US officials skeptically noted the extent to which the Israeli army had dug itself into southern Lebanon building warehouses and winter quarters. Observed one White House aide 'This is not a little bixouac. The Syrians who have some 30 000 troops in the Bekaa Valley will not leave until the Israelis do The long-range U.S. goal in Lebanon is to create enough stability on the northern border of Israel to reduce its security fears and lead to some solution of the Palestinian issue. To that end the White House announced late last week that Gemayel had accepted Reagan's invitation to come

to Washington on Oct 19 for an 'official working visit' Said Veliotes We're trying to make something better happen out of a whole series of horrors

One such horror was the Sept 14 assassination of President-elect Bashir Gemayel, Amin's younger brother That atrocity had threatened to engulf Lebanon in sectarian turmoil and gave Israeli Defense Minister Arrel Sharon an excuse to send his troops into West Beirut Late last week Gemayel's Phalangist Party announced the arrest of a man suspected of planting the deadly bomb in its East Beirut party headquarters. He was described only as someone in contact with "foreign quarters' There were no such leads however, in the death last week of PLO Chief of Staff Saad Sayel better known as Abu Walid He was killed by some 30 gunmen while inspecting guerrilla units in the Syrian-controlled Bekaa Valley

By far the worst in Lebanon's string of horrors, the massacre at the two Palestinian refugee camps last month, is still not fully explained. The atrocities have gen-

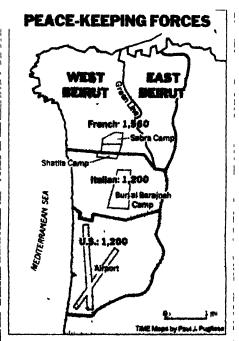
erally been blamed on the Israeli-backed Christian Lebanese Forces, the Phalangist-dominated coalition of Christian militias The Phalangists adamantly reject that charge As an angry party spokes-man told TIME last week. The Lebanese Forces command vehemently denies any participation in these acts or of ordering any of its units or its individuals to participate. It is deeply regretted that guilt has been assigned to organizations and individuals before official investigations have been completed. That disclaimer contradicted reports by Western journalists and informed Lebanese sources that Christian Lebanese militiamen took part in planning the raid

While Lebanese authorities have been slow to investigate the incident the Israeli Cabinet last week voted to launch a high-level judicial inquiry into Israel's role in the massacre. The move was an about-face by Begin, who had initially refused to consider such a probe. Instead, he had

STRONGHOLDS AND STRENGTHS Franjich Christians 1,000 Palestinians 5,000-6,000 **Phalangist** 12,000 Lebanese Syrians 22,000 39,000 Israelis Druze Milities 70,000 500 SYRIA Haddad Christians 3.000 U.N Forces

7.000

ISRAEL



sought to limit the political damage by appointing Supreme Court Chief Justice Yitzhak Kahan, 69, as a special investigator but one without explicit authority to compel witnesses to testify or to demand documents. Begin's chosen investigator did not go along with the plan. Since two petitions demanding a full-scale judicial commission of inquiry had been filed with the Supreme Court. Kahan informed the government that he could not consider its appointment until he had dealt with those cases, which could have taken months.

Meanwhile outraged public calls for a full-scale inquity continued to mount Some 400 000 protesters roughly one-tenth of the country's population jammed into Tel Aviv's Kings of Israel Square the day before the Yom Kippur holiday Demands for the resignation of Begin and Sharon flooded in from newspapers, workers housewives and even senior army officers

Some of the heaviest pressure on Begin was coming from within his Cabinet Interior Minister Yosef Burg, Welfare and Labor and Welfare Minister Aharon Uzan and Minister Without Portfolio Mordechai Ben-Porat publicly announced that they would demand a full commission of inquiry at a formal meeting of the Cabinet The implication was clear the government would fall it those ministers withdrew their support L ven Begin seemed to realize that defiance was hopeless. On the eve of the crucial Cabinet meeting his aides passed the word that he was receptive to the idea of a judicial probe

When the Cabinet session opened last Tuesday morning Begin startled his assembled colleagues with the disclosure that he had first heard about the massacre while listening to the BBC on the afternoon of Sept 18 nearly two days after some members of the Israeli army reportedly knew what was taking place in-

side the refugee camps 'I rom the first day that I had learned of the massacre, I intended to hold an inquiry. Begin insisted. His proposal for a full judicial commission of inquiry with subpoena powers was then unanimously approved.

Cramely seeking to explain Begin's reversal an aide said. If the Prime Minister had agreed to an inquiry right away it would have been undertaken at a time when the whole world was going crazy and everyone believed Israel was guilty Begin wanted things to calm down. He also didn't want to appear to be giving in to public pressure.

In the end of course that is precisely what Begin did. Yet the process that had forced his hand also gave proof that the principles of democracy and justice on which Israel was founded had not been buried in the rubble of Sabra and Shatila. As former Israeli Ambassador to the United Nations Gideon Rafael put it. The people of Israel are not only a stiffnecked but a fundamentally decent people. They will not tolerate a government.

that has morally, politically and economically bankrupted the country "

Although Israeli demo_racy will surely survive intact its shattering ordeal, the Begin government may prove less enduring Both the Prime Minister and Sharon have said that they were prepared to take personal responsibility for Israel's role in the Benut massacre implying that they will step down if the inquiry reveals any Israeli complicity. But neither appeared ready to give up easily. At an acrimonious closed-door session of the kinesset Defense and Foreign Affairs Committee on Wednesday Begin bristled at an opposition deniand that he resign. Shouted the embattled Prime Minister. Who should resign? I with 50% of public opinion thinking I am the best man for the job or [Opposition Labor Party Leader Shimon] : Peres who has the trust of a full 5%?

I of the time being. Begin appeared to a have won some breathing space with his a

decision to allow a full judicial inquiry The three-member panel* will have the authority to summon whatever witnesses and documents it wants. Although the commission may make recommendations based on its findings, which are expected to be published within two to four months it cannot force the Cabinet to carry them out It the panel calls for the dismissal of any Cabinet members it may be ignored Said one Begin aide. I'm not sure the commission can give a recommendation that a politician who is elected by the people should resign. No appointed commission can change the will of the electorate It's undemocratic. The aide did admit however that the inquiry's findings could create overwhelming public pressures on Begin or other ministers to resign. For us it's a first step 'said Janet Aviad spokes-

Kihan last week named Supreme Court Justice Aharon Barak 45 and Reserve Ceneral Yona Efrat 56 to serve with him on the commission woman for Jeace Now, a dovish popular movement that has been demanding a full investigation "Our motto now is not to let up, not to allow any whitewashing"

Begin has so far rejected suggestions that he suspend the controversial Sharor while the commission does its work. For his part, the Defense Minister has steadfastly refused to step down Sharon said last week that he accepted the principle of ministerial responsibility but blamed the world for exploiting the Beirut killings ' to massacre Israel's moral image 'He appealed to Israelis to put an end to this dispute over who was to blame. Have we as a nation decided to commit suicide?" he asked Can we not stop this hatred among brothers?" For Sharon the question had great personal relevance if that "hatred persisted he might well lose his job -By Thomas A Sancton.

Reported by Robert Slater/Jerusalem and William Stewart/Beirut

Sharon vs. the Army

E ver since Isiael's bith as a nation in 1948, the Israel Defense Forces have enjoyed a position of uncommon esteem both in the country and beyond. David Ben-Gurion once remarked that the I D F was porhaps his nation s most successful unicovement. The London-based International Institute for Strategic Studies this year rated the Israeli military as the fourth most powerful in the world. Yet today in the wake of the Berrut massacre, many among the I D F s 172 000 regulars and 504,000 reservists are deeply demoralized.

That rising tide of anger and frustration is directed primarily at one man. Defense Minister Ariel Sharon, a general and hero of the 1973 October War. Simply put, the soldiers are afraid that he will make the IDF a scapegoat for the Beirut massacre. Brigadier General Amram Mitzna, head of the IDF is Staff and Command College, announced two weeks ago that he was requesting a leave of absence in protest over the killings. (He has since relented.) Mitzna bluntly told Sharon. I have lost faith in you." More than 100 top Israeli officers, including everyone above the rank of brigadier general, met behind closed doors with Chief of Staff Rafael Fitan on Sept. 24 to complain about Sharon. A group of reservists opposed to the Lebanon invasion addressed a petition to Sharon last week signed by 1 000 of them, including 150 officers, asking not to be sent to Lebanon.

Sharon has fanned suspicion that he is trying to evade responsibility for the massacre. During the Knesset debate two weeks ago on whether to conduct an official inquiry, the Defense Minister hinted that when the opposition Labor Party was in power in 1976 Israeli officers took part in a massacre

of Palestinians by Lebanese Christians at the Tel Zaatar refugee camp near Beitut Sharon clearly was sniping at Labor Party Leader Shimon Peres, who was then Defense Minister, and not at the aimy but 1 D F officers familiar with the matter issued angry denials

Sharon then said on Israeli television that he had decided not to call up a reserve brigade during the Lebanon invasion because

he was afraid that antiwar sentiment in the ranks would blunt the unit's effectiveness. Members of the brigade denounced the charge and pointed out that they had indeed been summoned to the front.

Even before the Beirut massacre, many Israeli soldiers felt that the I D F was beginning to forget its middle name. For the past 15 years, the I D F has been mainly an army of occupation, with thousands of troops tied down in the restive West Bank. Gaza Strip and Golan Heights. Israeli soldiers last April were forced to perform the anguishing task of evicting Jewish settlers from the northern Sinai town of Yamit as part of the 1979 Israeli-Egyptian peace treaty. When Israeli tanks iolled into Lebanon last June, many soldiers expected that campaign to last only a few days. Four months later, with 335 Israeli troops dead and 2,000 injured many in the invasion force are questioning the utility of that mission. As one enlisted man in Beirut put it last week, "What are we doing here" We have no business being involved with these people. It's time to go home."

The widespread grumbling among the military worries some Israeli officials 'It's inconceivable to have officers who will not agree to carry out the orders of the Cabinet, says an aide to Prime Minister Menachem Begin "Whatever you think of Sharon, you can't say you're not ready to listen to his orders" No one, of course, is accusing the soldiers of insubor dination, and most Israelis have grown used to grumbling within the armed forces

The reason is that the I D F is truly a people's army All men who reach the age of 18 must serve for three years and then remain in the reserves until age 55 "When you have two-thirds of the army in reserves and professional officers serving under more senior reserve officers, there is a blur-

ring of the boundary between military and civilian life," says Dan Horowitz, a political scientist at Jerusalem's Hebrew University Indeed, the IDF has from the start been animated by the same righteous anger and high moral purpose that have guided Israel through its tumultuous history If the IDF is a troubled force in the wake of the Lebanon campaign, so is the nation at large



Lebanon invasion because A column of homeward-bound Israeli troops leaving Behrut

24

World

Hope Rises from the Rubble

Out of Lebanon's agony, some prospects for peace

The traumatic events in Lebanon have changed the shape of politics diplomacy and geography in the Middle East TIME Chief of Correspondents Richard Duncan Washington Bureau Chief Robert Ajemian Associate Editor Henry Muller and Correspondent Harry Kelly last week ended a tour of the region. From their interviews with Israelis. Lebanese and Palestinians, they concluded that the opportunities for progress toward peace are brighter than they have been in yeary. Their assessment

nearly everyone is the withdrawal of I'll foreign armies from Lebanon, Many of the officials interviewed expressed confidence that an agreement could be reached before the end of the year. The Syrians who have had an army in Lebanon since 1976 appear willing to accept their own withdrawal as the price for the pullout of Israeli forces, which are poised only about 20 miles from the Syrian capital of Damascus Jerusalem for its part is anxious to avoid the political and economic burdens of a prolonged occupation in Lebanon The main difficulty is Israel's demand that 5 000 to 6 000 PLO fighters who remain in northern Lebanon and in the Bekaa Valley leave at the same time

If all foreign torces withdraw from Lebanon the question will then be whether the new government of Amin Gemayol who was elected only two weeks ago can effectively reconcile the Christian and Muslim communities that have been at odds since the beginning of the civil war in 1975. Unlike his brother Bashir who was assassinated only nine days before he was supposed to take office. Amin remains an unknown quantity. Though perceived as weak and inexperienced, Amin should benefit from his record as a concillatory figure in Lebanon's fractious political world. While Bashir attempted to impose Christian supremacy in Lebanon, Amin remained in touch with the country's other religious communities. Christians and Muslims alike seem to be exhausted by their internecine battles and, viewing the devastation of their country may once again be willing to understand that they have no choice but to live together Although most Lebanese believe that elements of the Christian Lebanese Forces were responsible for the Sabra and Shatila massacre Muslims have conspicuously avoided the opportunity to discredit the country's new President

Israel, at the same time has developed a more realistic attitude toward its northern neighbor. The Begin government which helped train Bashir Gemayel's militia was badgering the late President-elect only a few weeks ago for important concessions, including a peace

treaty with Israel After one meeting in which Begin repeatedly addressed Bashii 34, as 'young man' an insult in the Middle Last Bashii returned to Beirut protesting that they won't let me have my dignity. Amin does not share his brother's fondness for Israel and the Begin government is determined to treat him with more consideration. Officials say that they will not insist on a peace treaty and concede that the best guarantee of security along Israel's northern border is a peaceful, united I ebanon.

Although the Israeli government has been chastened by the domestic reaction to the Berrut massacre. Begin's opponents should not underestimate his recuperative ability. The decision to create a judicial



commission of inquiry belated though it was will probably defuse emotions for the next few months. Moreover, evenut Begin had to step down. Israeli policy on many of the key regional issues—sovereignty over Jerusalem, negotiations with the PLO the future of the West Bank, a would differ more in tone than in substance.

Nonetheless Begin may now face a nation that is more skeptical more conscious of how its image in the world has changed and less willing to give its leaders carte blanche to pursue military adventures. The massacre may also have curbed the Israeli tendency to regard all Palestinians indiscriminately as terrorists. The images of massacred women children and old men shown in gory detail on Israeli television may create new perceptions about Palestinians, notably the 1-3 million in the occupied territories.

With the departure of its fighters from Beirut the PLO faces a major test of leadership. The organization's military option has been diminished if not eliminated, for at least a year or two. As a result the PLO has become more vulnerable to diplomatic influence from a number of directions not the least of them the US While Chairman Yasser Arafat and his entourage consider what to do next, there are promising hints of change among Palestinians in the West Bank Even some of the more radical PLO supporters have reacted favorably to President Reagan's initiative of five weeks ago proposing Palestinian self-government in the West Bank and Gaza Strip in association with Jordan

For all the horror and suffering it has generated the war in Lebanon may have the positive result of breaking the Middle Last's diplomatic logiam. Both in Israel and in the Arab countries preconceptions are being challenged and positions are changing. While few observers would be optimistic enough to suggest that peace is at hand most agree that a renewed outbreak of war in the Middle Last is unlikely in the near future.

Arab leaders have complained bitterly that the US through its political and military support for Israel shares responsibility for the invasion of Lebanon Still the Arabs are almost unanimously looking to the US for leadership. (The Soviets who have watched their military proteges take a drubbing in Lebanon have not found any diplomatic opening to re-establish themselves as honest brokers or benevolent mentors in the region) Thus the U.S. has been handed a rate opportunity it can play an active role in perstuding Israel Syria and the PIO to withdraw quickly from Lebanon. The US can also help Lebanon rebuild not only its devastated capital but its political institutions and its army

Meanwhile President Reagan must try in spite of Israel's outright rejection of his peace plan to persuade the Begin government to return to the negotiating table. That is where the issue of Palestinian autonomy, the central question in the Middle I ast will have to be addressed. Begin rejected the Reagan peace plan in large part because it put the U.S. closer than ever before to those who have been insisting that Israel must restore. Arab sovereignty to the West Bank and Gaza Strip. As long as Begin refuses to budge on that point a lasting Middle I ast peace will remain clusive.

Finally the US will have to continue to re-examine the long-held premises that its interests are identical to Israel's and that only Israel can decide what to do with the material support it receives from Washington The ultimate test for the US will be whether it will have the patience to maintain an active creative policy in the region or whether as it has so many times in the past, the U.S. will lose interest once the immediate crisis is over If the U.S. does not seize this opportunity the various parties are almost sure to return to their rigid entrenched positions The result sooner or later would be more bloodshed

Labor Purges Its Far Left

Foot wins a big victory for a moderate course

The hecklers in the year of the gilded dance hall in Blackpool's Winter Garden Complex were for the most part uncharacteristically silent. The debate Labor Party Leader Michael Foot 69 told his party's 81st annual conference was vital to Labor Indeed he implied on it rode the party's last chance of ousting Margaret Thatcher's Conservative government in the next general election. With the Iron Lady expected to call that poll perhaps as early as next fall and certainly no later than the spring of 1984. Loot's warning did not go unheeded. After hours of impassioned speeches from partisans of left right and center the 1 229 delegates voted by an unexpectedly wide ratio of more than 3 to 1 last week to curb the strength of Labor 5 militant fai-left fringe

It was a dramatic swing back toward the center in a struggle that has been waged in Labor ranks ever since Thatcher's sweeping victory over Labor Prime Minister James Callaghan in 1979 Until last week the party's moderates seemed to be fighting an uphill battle against the



Militant Tendency Supporter Tony Benn

leftists most ably represented at the top by former Energy Minister Tony Benn After last year's Blackpool conference when the extreme left forcefully and successfully espoused radical policies. Labor was faced with a sharp drop in the polls followed by a continuing stream of Laborite defectors to the new centrist Social Democratic Party

The issue before the delegates last week was sharply defined Should the party establish a 'register of approved groups within its embrace? The idea, put forward by Foot and moderates like former Chancellor of the Exchequer Denis Healey, and ultimately supported by the crucial bloc votes of union delegates, was that members of Labor organizations that did not meet the new narrow standardsno secret meetings, no undisclosed tunds -could then be expelled from the party. As the proposal stood, only one group would fail Militant Tendency a 6 000-member Trotskyite alignment that advocates the abolition of the monarchy the nationalization of Britain's top 200 companies and the expulsion of US forces and nuclear arms from the country

The establishment of the register and a subsequent move last week to give moderates a small majority on Labor's policysetting national executive committee (NLC) represented a victory for the Deputy Party Leader Denis Healey





Would-be Prime Minister Michael Foot appealing for moderate support against the militants Firing the first shots in what promises to be a long intramural war

party's majority of middle-of-the-road socialists * it is the N L C that will decide who is to be expelled. But the militants have promised to fight every step of the way Warned Militant Tendency's leader South African-born Ted Grant, 68 If we are expelled we will be back. One year two years three years -- it doesn't matter We will be back

The fight promises to be bitter Eight of Labor's parliamentary candidates in future elections have openly embraced Militant's cause and though some now deny formal links with the group, all still have the support of their local constituencies. To maintain his new authority and the support of the more moderate unions Foot must move for the candidates expulsion. The result could be a continuing civil war between the NEC and the local constituent parties

By all appearances, the opening shots

*Despite the move toward the political center Labor remains unshakably for nuclear disarmament and against U.S. bases in the country. Delegates voted last week on these two points but came out in favoi of Britain's remaining in NATO

were fired in Blackpool last week. Toward the end of the party conference intramural differences surfaced again with a vengeance during the formal election of the NEC It started when Miners Leader Arthur Scargill a Marxist, challenged the vote A recount turned up some differences, and the meeting broke up in disarray Said one dismayed Labor M.P. At a stroke the conference disintegrated into a jungle of rivalry and hate

That will not help Labor s cause, especially when Thatcher is still riding a wave of public approval over her two-fisted conduct of the Falklands war, though such memories are beginning to fade. In normal circumstances her management of the economy—mainly 14° c unemployment, the highest since the 1930s—should give Labor an electoral edge But the latest polls * still show the party 13 percentage points behind the Conservatives and only three points ahead of the SDP-Liberal alliance Foot may finally have begun to quell the opposition inside Labor but there may not be enough time left before the general election to subdue the opposition outside

SOVIET UNION

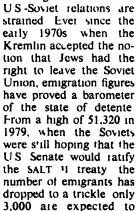
Refusenik

In bureaucratic limbo

atronly graying Berta Shakhovskaya 61, is a living reminder of the vorst horrors in 20th century Jewish history When the Nazis slaughtered Jews from her home town of Bialystok, Poland in 1943 including four relatives she lived to be taken to the Maidanek concentration camp Then a year later, Shakhovskaya was transported to the infamous death camp at Auschwitz She managed to escape the gas chambers, only to be moved near the end of World War II to camps in Buchenwald and Bergen-Belsen When advancing British troops set her free in April 1945 Shakhovskaya was so weak she could barely move But she had, incredibly, survived Says Shakhovskaya of her sojourn in hell. After what I have seen and felt in my life, it is impossible for me simply to be the same as other people around me

That plea for special understanding does not seem to carry much weight in the Soviet Union the country where she has been living since the end of the war When the retired accountant applied to emigrate to Israel late last year, along with her daughter and son-in-law Soviet authorities denied her visa request claiming that she had no immediate family members in Israel Thus having survived four concentration camps she must now join the ranks of some 20 000 Jewish refuseniks in the Soviet Union Trapped in a bureaucratic limbo without jobs or income they are often subjected to social ostracism and harassment by KGB agents

The Shakhovskaya case is only an extreme example of the problems facing Jewish would-be emigrants now that





The refusenik from Auschwitz hopes to be among them. With the same stubborn will that kept her alive through the Holocaust, she has decided to apply again for an exit visa. Shakhovskaya claims that she does not want to leave the Soviet Union to escape anti-Semitism. In explaining her decision to emigrate, she simply says: "I am a stranger. This is not my country. I want to go to Israel. That is my native land."

leave the Soviet Union this year



Photograph released by an anti-Khomeini group depicts bodies of Iraqi prisoners

IRAN

In Cold Blood

Evidence of PO W killings

have been locked in an inconclusive war notable for its size and savagery. An estimated 200 000 soldiers from both sides have died and 70 000 more have been taken prisoner. Yet even by those grim standards the charge was shocking that Iran's Islamic Guards fanatical supporters of the Ayatullah Ruhollah Khomeinihave massacred substantial numbers of unaimed Iraqi prisoners of war.

The allegation surfaced last week in Paris where members of the Mujahedin-e Khalq, a Muslim socialist party opposed to the Khomeini regime released photos purporting to be of one such incident. The massacre said to have occurred last January in Bostan a town in the southwestern province of Khuzistan, was photographed by Iranian officers sympathetic to the Mulahedin According to the officers Islamic Guards assembled a group of Iraqi prisoners in front of pictures of Khomeini and ordered them to chant slogans praising the Ayatullah Several dozen Iragis refused They were led away, and their hands were tied behind their backs. As regular army officers watched in disbelief. an earthmover dug a large ditch Aftei the prisoners had been placed along the edge the guards opened fire. The bodies tumbled into the waiting grave

Other disgruntled Iranian officers have reported similar killings by the Islamic Guards, who fight alongside the regular army but are under the command of the Islamic clergy Last February, a group of guards allegedly captured about 15 Iraqi soldiers in Gilan-e Gharb, an Iranian border town As the PO Ws were being escorted to a makeshift detention center, a wounded Islamic Guard suddenly pointed at one of the Iraqis and yelled

He killed Hamid" The accused man was shot to death on the spot The guards

then killed the other prisoners with bullets and bayonets. On several occasions, the guards have simply led prisoners to an isolated spot in the battle zone and killed them. When the guards returned to camp, they informed curious airmy officers that they had suddenly found themselves behind enemy lines and could not have returned safely with the Iraqis. Said one Iranian airmy officer. We usually can't stop the guards because they have the support of the clergymen at the front.

Indeed the Islamic clergy ignores and at times even encourages the mistreatment of Iraqi PO Ws. The massacres are seen as a way to boost Iraqi casualty figures and, perhaps more important, to instill ferocity and brutality in the ill-trained guards for their larger mission. Most of them serve only a short time at the front before being shipped back to the cities to battle the regime's stubborn domestic opponents.

That home-front war is getting bloodier too Late last week a bomb hidden in a truck exploded in the heart of the capital destroying a five-story hotel and three passing buses. Hundreds of wounded people were rushed to nearby hospitals and rescue workers pulled dozens of bodies out of the rubble. According to Tehran Radio, some 60 were killed and 700 wounded. But at week send authorities still were not sure exactly how many were dead or who had planted the explosives.

Meanwhile, urban guerrillas keep up their attacks. In Tehran alone about 70 Islamic Guards a week are being killed by the Mujahedin. In one elaborate attack last week, the guerrillas staged a noisy motorcade for a pair of supposed newlyweds. When Islamic Guards told the 'wedding party that it was against Khomeinis rules to celebrate in the streets the bride protested loudly. As the argument grew heated and more guards gathered one of the drivers honked his horn as a signal. The wedding guests suddenly pulled out submachine guns and blasted away. The toll at least 25 Islamic Guards dead.

United States

Taking Aim at Reagan

The race is on, and the President is hard to hit



The campaigns for the Senate for governorships for scats in Congress and state legislatures are only starting to get into high gear. The results when the votes

are counted on Nov 2 will be distorted by thousands of considerations of personality and local concerns. But a central theme is emerging. Who is to blame for the prolonged and severe U.S. recession?

It was an issue that both parties joined enthusiastically last week. President Ronald Reagan in a televised news conference and a partisan tub-thumping blast in Virginia at which high school bands blared and pom-pom girls paraded sought to seize the high ground. The slump Reagan declared was the result of generations of misguided Democratic taxand-spend politics. His Administration he claimed has already reduced inflation rates sharply and interest rates somewhat and eventually will bring down joblessness too- if only the voters elect a friendly Congress that gives its policies time to work. The electorate said Reagan should cut through all the demagoguety and rhetoric they are going to hear

Democrats readily accepted the challenge. The party's national chairman Charles Manatt charged that Reagan had changed from the Great Communicator to the Great Prevaricator Manatt protested that Reagan had made a whole string of misstatements overstatements and highly misleading assertions. Democratic candidates everywhere bewailed the highest unemployment rate in more than 40 years and the highest bankruptcy figures in half a century. I hey charged that these factors constituted an unacceptable price for the drop in inflation (from 135% in 1980 the last pre-Reagan year to an annual rate of 5 1'c so far in 1982)

The debate acquired special pungency because the week's news indicated that the economy is still bumping along the bottom of the painful slump that began in Iuly 1981. The Covernment's index of leading indicators, the statistics thought to foreshadow most accurately future business trends dropped 9% in August after four months of upticks. Reagan dismissed this in advance as "a glitch in a pattern of generally hopeful signs. Democrats saw much more than a glitch

More ominous first-time claims by newly laid-off workers for unemployment



compensation rose to 703,000 in the week ending Sept 17 the highest figure since these statistics were first compiled in 1967 That strengthened indications that the September unemployment rate might Ave hit 10° for the first time since 1940 Aready politicians in both parties are refaring to Friday, when the September rate will be announced, as Double-D (for double-digit) Day

In itself a 10° rate would not be significantly higher than the 98% jobless rate for July and August But double-digit unemployment could have important psychological consequences since it would focus attention on the Democrats most promising issue. In California, for example 42' c of the people responding to a recent poll named unemployment as the top concern in this fall's election crime was a distant second at 22%. The Democratic state committee is distributing a newsletter labeled the Reagan Recession Watch to every Democrat running for Fany kind of office in California and to 60 000 party activists. It is crammed with doleful statistics on unemployment falling business investment and sluggish consumer spending

Democrats are regaling voters with distress stories, sometimes their own. Virginia Lieutenant Governor Richard J Davis who is running for the Senate announced at a press conference last week that as a mortgage banker he has had to 1 lay off 40° of his employees. Said Davis I know what the economy is doing. I see it firsthand. In Montana Congressional Candidate Howard Lyman is emphasizing rather than downplaying the fact that he had to sign over his ranch to creditors right in the middle of his campaign to un-🕇 seat Ron Marlenee - I m a victim of Reaganomics. Exman tells sympathetic audiences. I m a living example of what it can do to the small guy

epublicans are trying various strategies to blunt the economic issue. Quite frankly we are just avoiding it altogether says Bob Heller a strategist for the re-election campaign of Texas Congressman Jack , Lields Instead Fields adspicture him as a hard-working legislator who stays in close touch with his constituents. In hardhit New England some Republicans are trying to put distance between themselves 1 and Reagan's policies Rhode Island Congresswoman Claudine Schneider stresses the independence she showed in voting against many of the President's measures during her first term

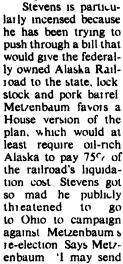
Neither course is open to the White House which has its prestige not to mention clout with Congress at risk in the elections So the Republicans are unleash-🗱 ing their most potent weapon the President himself. As a top White House aide puts it. We welcome a referendum on Ronald Reagan he remains enormously popular personally The President will give all Republican candidates for the Senate and House a pep talk at a reception in the Wnite House this week and is

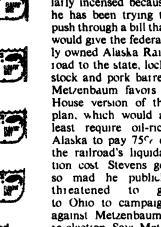
Expensive Bills

hey call it trimming the Christmas tree As Congress scrambles to adjourn, a wave of special-interest bills and home-state boundoggles is gaveled into law without protest "The only way sponsors can get them passed is to bulldoze them through and hope that no one notices," says Senator Howard Metzenbaum "It happens every year" This year is no exception, despite the lawmakers' public hand-wringing about looming deficits

But last week Ohio Democrat Metzenbaum drew attention to the practice by mounting a filibuster against the Christmas ornaments In the process he has incurred the wrath of his colleagues Says Republican Senator Ted Stevens of Alaska, in words sel-

> dom uttered in the august corridors 'I think he's a pain in the ass'





him the plane ticket

More than a dozen other specialinterest bills were barely quashed duiing the final hours. Among them an act to exempt the maritime industry from antitrust laws, a reprieve for timber companies that hold \$2 billion in unfulfilled federal contracts an exemption that would allow beer distributors to set up local monopolies and an antitrust waiver for the National Football League There was even a bill that would exempt Zeke's Floatin Bait. which is manufactured by a company in La Canada Flintridge, Calif, from a 10% excise tax Despite Metzenbaum's guard, a few yuletide goodies may slip into law, including a \$500 000 chimpanzee colony for New Mexico State University Not that the issue is just fish bait and monkeys Senate Majority Leader Howard Baker's notorious pork-barrel project the \$36 billion Clinch River breeder reactor, was voted continued funding

taping radio spots on behalf of his party's candidates he is also considering a nationwide TV address close to the election

Relishing his return to combat Reagan last week laid down an aggressive line for GOP campaigners which he will repeat in the next ten days at tallies in New Mexico Nevada Texas and Ohio Its essence is to slide over the unhappy present and dwell on a future of sound noninflationary growth in contrast to the blunderfilled Democratic past

he President opened his news conference with a statement asserting that the overwhelming majority of Americans especially those 99 million who are working, are beginning to sec some real hope. Inflation has been cut more than in half interest rates are heading down and there are other signs that we're heading toward a good recovery The damaging recession he said was the fault of the Democrats, whose policies had created the worst economic mess since the days of Iranklin Roosevelt by the time his Administration took office. The President smiled wiyly when asked if he would accept any blame at all for the recession Said Reagan. Yes because for many years I was a Democrat

The President hit his blame-the-Democrats theme even harder the next day in a Richmond speech supporting the Senate candidacy of Virginia Congressman Paul Irible. The election he said posed a choice of whether we will continue our sure and steady course to put America back on track or whether we will slide backward into another economic binge like the one which left us with today's pounding national hangover

Reagan marred his case however by inexcusable mishandling of economic statistics. In his news conference, he made at least two flat misstatements, that for four quarters we have seen a growth in the gross national product (this measure of national production has dropped sharply : in two of the last four quarters) and that unemployment had already been rising sharply in the past six months of 1980, at the end of the Carter Administration (ac tually it dropped from 7.8% to 7.4% during that period) Additionally Reagan, claimed that the percentage of Americans aged 16 and over who have jobs is higher today than has been true even in the past in times of full employment. That is correct only if the comparison is made with a periods before 1977. As Democratic Chairman Manatt acidly pointed out the figure peaked at 59.4% in 1979 and by August had fallen to 57 1' a five year low

White House aides dismiss these and several other questionable assertions as gaffes that voters are unlikely to notice and point out instead that Reagan's gen eral themes are well received. A partisan a audience in Richmond interrupted him for applause 26 times in 23 minutes. Even in the recession-ravaged Midwest, it is risky to attack Reagan head-on. Says Fric. 1 Kozenman a press aide for Democratic Congressman Bob Shamansky in his re-



Hooked

United States



Reagan saluting Candidate Trible, left, and former Governor John Dalton at Richmond rally

election race in Ohio We don't even like to use the term Reaganomics. We say the Administration's policies are all wrong That's softer

There is bipartisan testimony that Reagan's pleas for time to give his policies a chance are registering with many voters Says former Vice President Walter Mondale who has been campaigning for Democratic candidates. You get the daindest feeling out there that it's supposed to be patriotic to go broke. Republican Pollster Robert Teeter asserts People would almost rather wait six months and vote. Indeed Democratic strategists may be overestimating the impact of double-digit joblessness

The polls are confusing too. A national sampling of voters taken by the Los Angeles Times in August on who or what might be responsible for the recession chose as the No 1 villain foreign oil prices followed by Japanese competition and Congress. More people blamed Jimmy Carter (No. 8 on the blameworthy list) than Reagan (No. 9) and more pointed a tinger at the Democratic Party (No. 7) than at the Republican Party (No. 10). On

the other hand. White House aides are baffled by polls showing that voters approve Reagan's policies of cutting Government spending, fighting inflation and lowering taxes but that they still intend to vote for Democratic congressional candidates in impressive numbers - 56% to 44' caccording to the latest Gallup poll

oth parties are still searching for a way to capitalize decisively on the economic issue and in ways that are shockingly cynical even for Washington Prize example last weeks House battle over a constitutional amendment to force a balanced budget

The amendment passed the Republican-controlled Senate 69 to 31 in August but leaders of the Democrat-controlled House had bottled it up in the Judiciary Committee. The amendment would start a dangerous practice of writing economic policy into the Constitution, would probably not take effect until 1987 even if it were ratified by the states quite likely could not be enforced if it became effective and would put the economy in a lamentable straitjacket if it could be enforced. For

it to be considered at all by a President and Congress that have just finished running up a record deficit that probably totaled \$110 billion in fiscal 1982 is an exercise in the politics of the absurd

Nonetheless, in his news conference Reagan denounced 'modern-day Rip Van Winkles who are blocking legislation that is needed to cure the recession including the balanced-budget amendment. Republicans then rounded up the last 16 of 218 signatures they needed on a 'discharge" petition to force the amendment out of the House Judiciary Committee and Reagan visited the Capitol to ask for a quick floor vote 'The time to act is now he said. At the same time, his aides were passing word to Republicans to delay the vote if possible Meanwhile the White House made little secret of the President's desire to see the amendment beaten by the votes of Democrats whom he could then castigate for fiscal irresponsibility

Democratic leaders crossed up the strategy by scheduling a Friday vote on both a Republican version of the amendment and a hastily drawn Democratic substitute. Reagan assailed this substitute as a sham, and so it was Its purpose was to enable some Democrats to claim that they had indeed voted for a balanced budget Said New York Democrat Thomas Downey It sall a charade

In the end-most Democrats decided they did not even have to bother with the charade, and the substitute was beaten by a resounding 346 to 77. The Republican amendment then got 236 votes in favor to 187 against less than the two-thirds needed for passage. Reagan stepped before the cameras to assert. I share the deep burning anger of millions of Americans It was a sample of the oratory and exaggeration that the voters will be hearing more and more of as the campaign heats up and the recession grinds on - By George J Church. Reported by Douglas Brew and Neil MacNeil/ Washington

"You Can't Sneak Around"

or presidential aspirants, fund-raising events are usually a safe way to win friends and get press coverage. But when Walter Mondale appeared at a dinner in Manhattan last week, there were political risks Reason the occasion

was sponsored by the Human Rights Campaign, Fund, a political action committee dedicated to advancing the cause of gay rights

Appearing at such a function would have been unthinkable for a national candidate not long ago. and even today gay rights is a subject so highly charged that most politicians would prefer to stay in the closet on the issue "Sure we weighed the pros and cons," a Mondale aide says "But you can't sneak around on any issue any more "

Mondale got his biggest applause when he quoted official Démocratic Party positions opposing discrimination based on "sex or sexual orienta- Mondale in New York

tion "Said he Questions of personal conduct that do not threaten the peace and order of society cannot rightfully be decided by society" He scrupulously avoided using the words gay and homosexual

Mondale's office has received only a few disapproving telephone calls over his appearance. However, it could come back to haunt him when his presidential campaign begins in

> earnest But some political analysts think Mondale made a smart move Says a staffer at the Democratic National Committee "Mondale has been in the doldrums But after a gutsy move like this, people in political circles may start talking about him.

> Senator Edward Kennedy of Massachusetts addressed a similar gathering in California in April, and Senator Alan Cranston of California, who also has presidential ambitions, is scheduled to appear before such a group in Philadelphia As more politicians make these appearances, it seems likely that the risks of seeking such support will

Shultz's World Without End

Conducting global diplomacy on Manhattan's East Side

ver since he took over as Secretary of State, George hultz has been pinned down in his Washington office by the crossfire in Lebanon 'I can't remember when I last spent so long in the same time zone.' jokes the former globetrotting corporate executive Finally last week he found a way to tend to the simmering dilemmas of Last-West relationships as well as the pressing problems of the Middle East while Speaking at the U.N.

staying close to home. At the United Nations to address the 37th session of the General Assembly Shultz conducted a Alplomatic shuttle among more than 30 foreign ministers--all without leaving Manhattan's East Side

The centerpiece of the whirlwind week was Shultz's first official meeting with Andrei Gromyko. The Soviet Foreign Minister has met with nine American Secretaries of State during his 25 years in office Since he speaks English fluently he did not ask to have Shultz sitemarks translated but he did reply in Russian. As they sat in U.N. Ambassador Jeane Kirkpatrick's office for their threehour meeting. Gromyko gave a grim assessment of Soviet-American relations Shultz in turn pressed Gromyko on Moscow's intervention in Poland Afghanistan and Cambodia and on use of biological and chemical weapons. The conference produced few concrete results, the main accomplishment was keeping businesslike discussions alive and agreeing to meet again this week

Such a dialogue is important in reducing the uncertainty that the aging Soviet leadership feels about Reagan Despite the President's assertion at his press conference last week that the Soviets have a pretty good understanding as to where we stand there are reports that the Kremlin is currently engaged in a toplevel debate over whether to try to improve relations with Reagan or to wait until a new Administration comes to pow-Reagan's rhetoric baffles them.' says Columbia University Soviet Expert Seweryn Bialer who met last month with Central Committee members

As the President noted last week, Moscow has exercised considerable restraint during his term. Even though Soviet President Leonid Brezhnev sent two letters warning the US not to send troops to Lebanon he has not yet reacted to the American military presence there. The Soviets also note that they have refrained from giving full support to Central American liberation movements and from directly invading Poland Their policy is still oriented toward a relationship with America Bialer feels A senior Western diplomat in Moscow agrees 'Some Soviet spokesmen have portrayed the relation-



ship as hopeless, but that is not their real thinking

Giomyko raised with Shultz one of the few vestiges of Soviet-American attempts at cooperation, nuclear armscontrol talks noting that little progress is being made. Negotiators from both countries returned to Creneva last week to resume talks on limiting intermediate-range nuclear forces (INT) in Europe Strategic arms reduction talks (SIART)

are also set to resume in Geneva this week

Disputes over Fast-West relations have provoked a divisive crisis within the Western alliance Washington's attempt to impose sanctions on firms supplying equipment for the natural gas pipeline the Soviets are building from Siberia to Western Europe threatened to spoil Shultz's dinner with French Foreign Minister Claude Cheysson Obviously they were not going to sort it out over pate said one U.S. official. So Shultz shifted the discussions to the broader terrain of Last-West economic relations and sounded out Chevsson on what Western strategy ought to be Said a Shultz aide. He is taking it to a deeper level than a shouting match among allies Cheysson was very responsive

So, too were the other European I oreign Ministers Shultz consulted Britain's Francis Pym Italy's Emilio Colombo and Belgium's Leo Tindemans Shultz will now try to sort out the common interests that he heard in his conversations and propose an alliance policy on East-West trade While the pipeline problem seems beyond solution at the moment Shultz's fence

mending may help contain the dispute

Much of Shultz's time in New York was spent on the problems of the Middle East (see WORLD) A key discussion with Syrian Foreign Minister Abdel Halim k haddam ran four times as long as the 30 minutes scheduled. The Syrians repeated their commitment to withdraw promptly from Lebanon if Israel does the same. The US was encouraged by the serious character of the exchange. said State Department Spokesman John Hughes To other Arab ministers, including Jordan's Marwan Kasim Shultz emphasized the need for Jordanian participation in Reagan's peace plan for the region

Shultz has become concerned about moves by radical Arab nations to expel Israel from some UN agencies Last month Israel was excluded from the International Atomic Energy Agency, prompting a US walkout There are signs that similar actions could be taken by other affiliated groups and even the General Assembly Shultz made it clear that the US would walk out of and withhold funds from any organization that made such a move

the new Secretary hardly electrified the General Assembly with his 45minute address outlining the Administration's approach to foreign policy. But Shultz's cautious even ponderous style served him well in private sessions. Unlike his frenetic predecessor Alexander Haig who sometimes had staffers burst into meetings with important cables Shultz listens intently to his guests and responds slowly and softly. He is tocklike says an aide. In the assessment of one French diplomat he appears bien dans sa peau self-confident. This reassuring style more than anything else showed that US foreign policy although not on a perfect course has a steadier hand on the - By Walter Isaacson Reported by Gregory H Wierzynski/United Nations



Gromyko's assessment of U.S.-Soviet relations was grim, but Shultz was unflustered The main accomplishment was keeping businesslike discussions alive

Poison Madness in the Midwest

Seven people die after taking cyanide-laced Tylenol

A dam Janus 27 had a minor chest pain last Wednesday morning so he went out and bought a bottle of I xtra-Strength Tylenol capsules. About an hour later in his home in the Chicago suburb of Arlington Heights, Janus suffered a cardiopulmonary collapse. He was rushed to Northwest Community. Hospital where doctors worked frantically to revive him. Nothing seemed to help said. Di Thomas Kim chief of the hospital's critical-care unit. He suffered sudden death without warning. It was most unusual.

That evening gricf-stricken relatives gathered at Janus home Someone offered to go out for aspirin. No need said

more likely culprit. Whatever the method and motive the killer clearly knew what he was doing. In each case, the red half of the contaminated capsule was discolored and slightly swollen. When opened the capsules emitted the telltale almond odor of cyanide, the poison was present in quantities thousands of times the usual fatal dose. Says Police Chief Carl Sostak of Winfield. Ill home of one victim. Apparently a very sophisticated and very malicious person is at large who had to spend a lot of time and a lot of effort on this terrible plan.

Twelve-year-old Mary Kellerman of Llk Grove Village took Extra-Strength

Policeman checks Tylenol boxes in a pharmacy in Arlington Heights, ill.

If it was going to be a lighted dose, you wouldn't have time to call

Stanley Janus 25 Adam's vounger brother who had noticed a bottle of Tylenol in the kitchen. He and his wife Theresa. 19 each took at least one capsule. At 8.15 p.m., five hours after his brother died Stanley was pronounced dead. Theresa died on Friday afternoon.

By week's end at least seven Chicagoarea residents had died under similar circumstances. Each had ingested an Extra-Strength. Tylenol capsule laced with evanide. Food and Drug Administration officials suspect that someone unconnected with the manufacturer tampered with the drug by their reasoning the killer bought. Extra-Strength. Tylenol over the counter inserted cyanide in some of the capsules, then returned the bottles to store shelves. Illinois Attorney General Tyrone; Fahner suggests that a disgruntled employee in the production chain" was the

Tylenol to ward off a cold that had been dogging her Mary Reiner 27 of Winfield who was poisoned on Thursday had recently given by the to her fourth

child Paula Prince 35 a United Airlines stewardess was found dead in her Chicago apartment an open bottle of Extra-Strength Tylenol near by in the bathroom Says Di Kim 'The victims never had a chance Death was certain within minutes

The link to Tylenol was first noted by two off-duty firemen in the area who were monitoring their police radios at home Philip Cappitelli and Richard Keyworth compared notes over the telephone and were struck by the fact that the painkiller had been mentioned in two of the reports

This is a wild stab, but maybe it's Tylenol, Keyworth speculated They men-

tioned their hunch to their superiors

The nation was alerted to the danger of the suspect drug as soon as the connection was made Police cruisers rolling through Chicago streets Thursday afternoon and evening, blared warnings over loudspeakers. All three national television networks carried stories about the contaminated drug on the Thursday-evening news On Friday the FDA belatedly advised consumers to avoid in prudence' all bottles of the capsules By then it was virtually impossible to obtain Extra-Strength Tylenol anywhere in the Chicago area or indeed in many locations around the country Two Midwestern retail chains Jewel and Walgreen withdrew all bottles of the pain reliever from their stores

The publicity caused a nationwide scare One Chicago hospital received 700 calls about Tylenol in one day People in Pittsburgh Cleveland and other cities were hospitalized on suspicion of cyanide poisoning Dr William Robertson director of the Poison Control Center in Seattle offered some grim words of reassurance. If it was going to be a lethal dose you wouldn't have time to call

Johnson & Johnson whose McNeil Consumer Products subsidiary manufactures the painkiller immediately recalled 93 000 bottles with lot number 1801 MA MC 2880 or 1910 MD which were among the batches found in the victims homes and sent out half a million warning messages to physicians hospitals and distributors McNeil agreed to turn over all of the company's distribution records to the Illinois department of law enforcement and to bear the cost of collecting unused and unsold Iylenol an expense that could reach into the millions of dollars.

Until now Tylenol enjoyed a solid reputation and healthy sales. Analysts estimate that Johnson & Johnson sells between \$300 million and \$400 million worth of the analgesic a year. An \$85 million advertising campaign has helped the company increase its share of the pain-reliever market from 4% to 37% since 1976. But the cyanide scare may do damage to the company's product. Says one stockbroker in Chicago. The name Tylenol is now linked with

poison in people's minds

At week's end authorities could only hope that more victims would not turn up. They were worried too that the cyanide murders would encourage a new overthe-counter terrorism that could be aimed at companies or random individuals. Already this year someone tampered with eyedrops and nasal sprays sold in Los Angeles at least ten people suffered burns, but no one died. The frightening truth, says FDA. Deputy Commissioner Mark Novitch, is that there is no way to protect the public from people who do such things.

—By Susan Tifft. Reported.

by Lee Griggs/Chicago

United States

he Beautiful and the Damned

ivorce Pulitzer-style the wild side of high society

lorida has plenty of small towns but one is famous above all the rest. Palm Beach (pop 9 700) is a plush, pastel resort for the very rich. Florida also has plenty of divorces 75 000 last year more than any other state but California and Jexas But the divorce trial under way at the Palm Beach County courthouse has like

the town achieved an overcharged notoriety. For starters there is a prize surname Herbert (Peter) Pulitzer Jr 52 who filed suit to dissolve his six-year marriage to the former Roxanne Dixon nee Ulrich Peter is one of Newspaper Publisher Joseph Pulitzer's flock of grandchildren. He has money and local roots old and deep enough to prompt invitations to the oligarchs parties and all the charity balls. Then there are the grounds for the divorce Roxanne Pulitzer: bedroom seances action So far Pulitzer or his

witnesses have testified that Roxanne 31 went to bed with a local real estate sales man a French baker a Belgian race-car driver the beautiful young wife of a handsome old kicenex heir an alleged drug dealer and a supernatural trumpet. That's right trumpet. There are charges of drug use And menages a trois And incest And death threats. It doesn't sound very American or normal admits a rich young acquaintance of the Pulitzers a Palm Beach resident for more than 20 year. But it's Palm Beach Palm Beach is not very normal in itself

Indeed not but the Pulitzers at least seem to be fighting over the customary prerogatives money and child custody Roxanne who was unemployed and living in a mobile home before she met Peter in 1974 wants a good chunk of his fortune (he owns citrus groves and hotels). He says he has only \$2.5 million, she reckons it to be \$25 million. Just her basic living expenses she claims will amount to some \$246 000 a year Some prominent items \$25 000 for vacations \$12 000 for entertainment \$18 000 for her clothes another \$18 000 to dress Twins Maclean and Zachary 5 and \$3 000 to buy the birthday presents Mack and 'Zack' are obliged to give their Palm Beach playmates Peter Pulitzer athletic and severely good-looking hopes to convince Circuit jurt Judge Carl Harper that Roxanne is

Dad does not claim to be unswervingly wholesome. He admits that he sometimes joined his wife in the use of cocaine. He denies however her charge that he once flew a load of marijuana from the Bahamas to Florida on board his plane. He also said in pretrial

wastrel unfit to raise the boys

testimony that twice he joined in a drugsand-sex frolic with Roxanne and Jacqueline Kimberly 32 the third wife of James Kimberly 76 an heir to the papermaking Kimberly-Clark fortune. But most of the time according to Peter his wife and Mrs. Kimberly carried on their love affair without him Roxanne claims that two







Peter Pulitzer: deep roots



James and Jacquie Kimberly out on the town

years ago Peter gave Jacquie a giftwrapped ounce of cocaine (value \$2,000) for Christmas. In a pretrial deposition Peter denied it and suggested that Roxanne was the source of the coke

Jacquie Kimberly meanwhile denies any sexual involvement with Roxanne or Peter in any permutation 'It's so ludicrous she told the Miami Herald Pulitzer is definitely deranged and desperate for the almighty buck. How can one take him seriously? The Kimberlys met when she was 17 and seven years ago they

came close to divorcing Both Jacquie Kimberly and Sportsman James Kimberly who affects a single earring have been subpoenaed to testify Says Jacquie 'It's fortunate for me that my husband is such a strong secure person' At least 'in she adds 'no one else was our fight involved

In the present tight, it sometimes seems that no one is uninvolved. Liza Pulitzer Leidy 26 one of Peter's three children by his first marriage (to I illy Pulitzer) was dragged in by Roxanne who alleged that father and daughter had

had a sexual encounter in Europe in 1972 The putative incest allegedly occurred two years before Roxanne and Peter met and both principals deny any such intimacy Rather, according to Leidy her stepmother Roxanne made an untoward advance in 1979 after the two had snifted cocaine in the bathroom of a West Palm Beach disco Testified Leidy 'She said that if I ever felt I wanted a lesbian relationship Ithat! she wanted to be the one I got involved with

Retainers had vivid recollections as well. The Pulitzer twins former nanny Estelle Godbout testified last week about surfside lovemaking in view of Mack and Zack between Roxanne and Race Car Driver Jacky Ickx Another scivant Johnny Capers testified about trysts between Mis. Pulitzer and two other men One of her lovers. Peter Pulitzer charges is a drug dealer who threatened to kill him Tor her part Roxanne claims Peter threatened to shoot her if she did not check into a hospital for drug-abuse therapy. She obeyed, and was hospitalized for five days last year

Perhaps the most damning witness against Roxanne was her former psychic adviser.' Janice Nelson, who moved into the Pulitzers house last March six months after Peter had moved out to live aboard his 73-ft yacht. The psychic says she ultimately decided that Peter was being used unfairly by his wife, and in court last week Nelson described in detail Roxanne's sexual proffigacy. Nelson assisted Roxanne in running periodic bedroom seances involving a dozen or more Pulitzer friends. On the foot of the bed were a black cape and a trumpet Roxanne explained in court that she was hoping the dead would speak to the living through a trumpet Said Peter of the occult sessions. I don't believe in spirit voices. I was kicked out for falling Judge Harper reluctantly alasleep lowed the trumpet to be admitted as exidence. I don't know for the life of me how this is relevant the said and added I ve made so many rulings in this case if I haven t made an error by now I ought to

get the Pulitzer Prize By Kurt Andersen Reported by Marilyn Alva/Palm Beach

JIMMY CARTER



Keeping Faith

Memoirs of a President

nce again an all too familiar tale of In Keepi bloodshed and tragedy in the Mid-his White Hi dle East dominates the world's Nov 2 (Bant news In Lebanon, foreign soldiers sents the most

troop the streets of Beirut in hopes of keeping that country's feuding factions from one another's throats In Israel, a nation shaken by the question of its culpability, by omission or commission, for the massacre of Palestinians in Beirut, Prime Minister Menachem Begin faces the greatest challenge yet to his five-year rule Against this backdrop, TIME begins excerpting on the following pages the memoirs of an American President, who, as he writes. "spent more of my time working for possible solutions to the riddle of Middle East peace than on any other international problem." It was Jimmy Carter who brought Begin and Egypt's President Anwar Sadat together for 13 days of highly charged negotiations that finally produced the Camp David accords of September 1978. That agreement remains the framework

for a broader peace settlement now being

pushed forcefully by Ronald Reagan.

In Keeping Faith, a 622-page account of his White House tenure to be published on Nov 2 (Bantam Books, \$2250), Carter presents the most intimate and detailed version to date of the scene behind the scenes at Camp David—the intense arguments, the searing animosities, the repeated near breakdowns before final success. He also illuminates Begin's often infuriating and exasperating behavior today by offering insights gained at Camp David into the Israeli Prime Minister's character

This week's excerpt is the first of two that TIME will present from the book that, the author notes in his preface, "is my own work, typed by me at home on my trusty word processor" To produce it, he condensed some 5,000 pages of recollections he had dictated daily while serving in the Oval Office In Part 1, Carter not only reviews the tumultuous days at, Camp David but also comments, in an exclusive four-hour interview with TIME, on current Middle East relations and on the policies, foreign and domestic, of his successor, whom he does not admire.

Prelude to Camp David

ooking back, I find it remarkable how constantly the work for peace in the Middle East was on my mind I had made an extensive visit through Israel in May 1973 while still Governor of Georgia, invited by Prime Minister Golda Meii to learn at first hand about her nation. This gave Rosalynn, Jody Powell, who was to become my White House press secretary and me a chance to learn more about the land of the Bible which we had studied since early childhood. We spent almost a week traveling around the surprisingly tiny country. For three days, before dawn I was in the streets of Old Jerusalem, and filled each day and night with exciting visits to holy places of ancient history and to sites where history was still being made.

We lunched with the mayor of Nazareth, drove all around

the Sea of Galilee went to Cana, walked the hills around Capernaum studied the excavations at Jericho worshiped at Bethlehem and swam in the Dead Sea Rosalynn and I also walked along the escarpments of the Golan Heights, traveled slowly down the entire length of the Jordan River, tode the torpedo boats at Haifa and viewed a parade at a military training center at Bethel

In my affinity for Israel, I shared the sentiment of most other Southern Baptists that the holy places we revered should be preserved and made available for visits by

Christians, and that members of other religious faiths should have the same guaranteed privileges concerning their sacred sites Prior to the 1967 war there were no such assurances, under Jordanian rule the areas were often closed, and some holy places were vandalized

The Judaeo-Christian ethic and study of the Bible were bonds between Jews and Christians that had always been part of my life 1 also believed very deeply that the Jews who had survived the Holocaust deserved their own nation and that they had a right to live in peace among their neighbors 1 considered this homeland for the Jews to be compatible with the teachings of the Bible, hence ordained by God These beliefs made my commitment to the security of Israel unshakable

These were thoughts I shared with many other Americans, but as President I needed a broader perspective. For the well-being of my own country, I wanted the Middle East region stable and at peace, I did not want to see Soviet influence expanded in the area. In its ability to help accomplish these purposes, Israel has a strategic asset to the US

Since I had made our nation's commitment to human rights a central tenet of our foreign policy, it was impossible for me to ignore the very serious problems in the West Bank. The continued deprivation of Palestinian rights was contrary to the basic moral and ethical principles of both our countries. In my opinion it was imperative that the U.S. work to obtain for these people the right to vote, to assemble and to debate issues that affected their lives, to own property without fear of its being confiscated

and to be free of military rule. To deny these rights was indefensible for a free and democratic society

I had no strong feelings about the Arab countries I had never visited one and knew no Arab leaders. Then on April 4, 1977, a shining light burst on the Middle East scene for me I met President Anwar Sadat of Lgypt, a man who would change history and whom I would come to admire more than any other political leader in the world.

At the beginning of Sadat's visit to Washington, I thought he was a bit shy or ill at ease because he was sweating profusely. But he told me he had been unwell, with chills in Paris and a high fever since he had arrived in our country. Sadat's complexion was much darker than I had expected, and I noticed immediately a callused spot at the center of his forehead, apparently caused by a lifetime of touching his head to the ground in prayer. He didn't smoke very much, but he always wanted his pipe near by, and was irritated when his aide was slow in delivering it

He was chaiming and frank, and also a very strong and coulageous leader who would not shrink from making difficult political decisions. He was extraordinarily inclined toward boldness and seemed impatient with those more timid or cautious. I formed an immediate impression that our friendship could be very significant for both of us and that the prospects for peace in his troubled region might not be dead.

After a few weeks, Menachem Begin, then known to many

Americans as a right-wing radical leader, was elected to head Israel's government Israeli citizens the American Jewish community and I were shocked None knew what to expect

The more I dealt with other Arab leaders, the more disparity I discovered between their private assurances and their public comments. They would privately put forward ideas for peace and encourage us in any reasonable approach. However, the peer pressure among them was tremendous. None—apart from Sadat—was willing to get out in

BRAB REPUBLIC

Sadat arriving in Israel: "A shining light burst on the scene"

front and publicly admit a willingness to deal with Israel

President Sadat's visit to Jerusalem on Nov 19-21 and his speech to the Knesset were among the most dramatic events of modern history. At the First Baptist Church in Washington, I prayed publicly for peace during a special early-morning service, and then the congregation adjourned so we could return to our homes in time to watch the arrival ceremonies on television. Sadat made a great speech, spelling out in very blunt terms the Arab requirements for any peace settlement. The meaning of the words themselves was muted by the fact that he was standing there alone, before his ancient enemies, holding out an olive branch. The Israelis welcome to him was truly remarkable. The Israelis were also facing their ancient enemy.

On May 1, 1978 Prime Minister Begin came over for the American commemoration of the 30th anniversary of the state of Israel, and we had a private discussion. I told him that peace in the Middle East was in his hands, that he had a unique opportunity to either bring it into being or kill it and that the Arabs genuinely wanted peace, particularly Sadat. My guess was that he would not take the necessary steps to bring peace to Israel—an opportunity that might never come again.

There was no prospect for success if Begin and Sadai stayed apart, and their meetings had now become fruitless because the two men were too personally incompatible to compromise on the issues facing them. There was only one thing to do, as dismal and unpleasant as the prospect seemed. I would try to bring Sadat and Begin together for an extensive negotiating session with me

Thirteen Days on the Mountain

t was an especially beautiful evening in one of the loveliest places on earth. We were staying for a few days of rest in the Brinkerhoff I odge on the edge of Jackson Lake in Wyoming. The Grand Tetons rose into the clear sky across the water some of our newest and most unweathered mountains the sharp peaks a breathtaking spectacle. Larlier in the day, I had been fly-fishing for cutthroat trout in the near by Snake River Late in the afternoon. Amy and I had picked wild huckleberries in a grove of quaking aspen near the cabin, and we all enjoyed a delicious beirs pie for supper. Although it was not cold, Rosalynn and I built a small fire just to watch the flames in the open fireplace. It had been one of those special days.

But at its close my thoughts were not on the cutthroat trout the delicious food or the beauties of nature. It was late at night, and I was very tired. I was studying a thick volume written especially for me about two men. Menachem Begin and Anwar Sadat. In a few days on Sept. 5. 1978. I would welcome them to Camp David. Ours would be a new approach perhaps unprecedented in history. Three leaders of nations would be isolated from the outside world, an intensely personal effort would be required of us. I had to understand these men!

Psychological analyses of two of the protagonists had been prepared by a team of experts within our intelligence community. This team used information derived from a detailed scrutiny of events public statements, writings known medical histories and interviews with personal acquaintances of the leaders under study. During the coming days at Camp David, my studies at the toot of the Grand Tetons were to pay rich dividends.

I directed our negotiating group to assume as our immediate ambition a written agreement for peace between I gypt and Israel with an agenda for implementation of its terms during the succeeding months. I was convinced that if we three leaders could not resolve the very difficult issues, some of which had never before been addressed forthrightly, then no group of foreign ministers or diplomats could succeed. I had no idea whether we would succeed. I only knew that we were at a turning point and that the stakes were very high. Our plans called for us to stay three days, but we were willing to stay as long as a week if we were making progress.

Despite my efforts to the contrary expectations had built up to a fever pitch. My only hope was that in the quiet and peaceful atmosphere of our temporary home, both Begin and Sadat would come to know and understand each other better and that they would trust me to be honest and fair in my role as mediator and active negotiator. It was soon to be obvious that Sadat seemed to trust me too much and Begin not enough.

It is not easy now to describe my own feelings as the meeting approached Without being melodiamatic perhaps I can draw a parallel to the attitude of many servicemen who go into battle, or the feeling of some of my shipmates and me while we served in the submarine force. There was a curious fatalism about the process. Much of the pain and trepidation comes when the original commitment is made and one has to accept the prospect of serious danger or failure. Subsequently, each passing day can

be enjoyed with a sense of thanksgiving that one is spared Camp David is truly beautiful, with the cottages and paths snuggled on top and down one side of a small mountain, sheltered by a thick growth of stately oak, poplar, ash, locust, hickory and maple trees. A security fence encompasses about 125 acres of rocky terrain, and the close proximity of the living quarters engenders an atmosphere of both isolation and intimacy condu-

cive to easing tension and encouraging informality

Day 1: No compatibility at all

IULSDAY SEPTEMBER 5 Rosalynn helped me greet President Sadat in the early afternoon. His wife Jehan had to remain in Paris to be with one of their grandchildren, who was ill. I had particularly wanted the three wives to be with us to case some of the tension and create a more congenial atmosphere. There was no compatibility at all between Begin and Sadat.

Sadat would be much more willing to strive for a comprehensive agreement, while Begin would probably want to limit what might be achieved, because he was more satisfied with the status quo and was very leery about giving up any control over the West Bank or the Israeli settlement area in the Sinai Sadat was strong and bold very much aware of world opinion and of his tole as the most important leader among the Arabs 1 always had the impression that he looked on himself as inheriting the mantle of authority from the great pharaohs and was convinced that he was a man of destiny Deeply religious he had asked that a special place be found for him to worship we set aside the room where we had services when our family was at C amp David

Sadat was impatient with the weakness of others and frequently derided some of his fellow leaders in the Middle East but at least he respected Begin's strength and courage. Nevertheless Sadat also seemed somewhat impatient with Begin distrustful of him. Determined to succeed he was therefore inclined to form a partnership with me in opposition to Begin. His first preference was obviously a settlement, his second an agreement with me that would be so good for Israel that Begin would be condemned if he rejected it.

About 2 30 pm. Rosalynn and I walked up to the helicopter landing pad to welcome Sadat. When he and I sat on the terrace behind my cabin. Aspen, he did not waste any time. He emphasized that he was eager to conclude a total settlement of the issues and not merely establish procedures for future negotiations. He was convinced that Begin did not want an agreement and would try to delay progress as much as possible. Sadat stated that he would back me in all things and that he had a comprehensive settlement plan "here in my pocket." He was prepared to be flexible on all issues except two land and sovereignty.

He concurred with me that if Begin would negotiate in good faith, the agreement should include the establishment of diplomatic relations and the end of the economic boycott against Isia-el. He said that all Israelis must leave Lgyptian territory and that any agreement had to provide for the Palestinians, for the West Bank and for future agreements between Israel and her other neighbors. The details could be worked out by me

Then he stood up to leave Sadat had suffered a mild heart attack a few years earlier and was careful about his health. He wanted to go to bed and to meet with me the next morning. I said I would delay suggesting my own proposals until he and Begin had a chance to explore their differences. Sadat replied, 'I will try to protect you by putting forward good proposals, and make it unnecessary for any U.S. proposals to be offered."

wo hours later Begin landed on the mountaintop I was pleased that his wife Aliza was scheduled to arrive in a few hours. The Begins always seemed very close, and I was suite Aliza would be as helpful to him during the coming days as Rosalynn would be to me

At Aspen, Begin and I were both somewhat ill at ease I had wanted to generate an atmosphere of informality, but in his attitude and words, Begin approached the initiation of talks in a

KEEPING FAITH

very thorough and methodical way. He was concerned about the tally schedule the procedures to be followed the time and place of meetings how a record would be kept, how many aides would be permitted on each side and so forth

Begin too seemed to look on himself as a man of destiny cast in a biblical role as one charged with the future of God's chosen people A student of the Bible he preferred to use biblical names for places and referred frequently to God's messages to Moses and other leaders of the Jews A man of deep beliefs he had during his entire adult life demonstrated his dedication to the establishment and preservation of his country, and I knew he deserved the respect he received from his associates. I also knew that his preoccupation with language names and terms could severely impede free-flowing talk. Begin pointed out that there had not been an agreement between a Jewish nation and Lgypt for more than 2 000 years, and that our meeting was historically unprecedented However unlike Sadat, Begin was planning for an agreement at Camp David only on general principles, which might then serve as a basis for future meetings, where the specif-🕏 differences could be resolved by the ministers of foreign affairs and defense. I objected strongly and told him that we three principals could not expect others to settle major issues later if we could not do so now and that we should address all the controversial questions directly. As he was preparing to leave after our stilted and somewhat superficial discussion. I told him that Sadat had expressed a concern about Begin's preoccupation with details at the expense of the major issues. Begin looked up and said I can handle both

Our differences were obvious even in personal habits. Begin was the soul of propriety. He preferred to wear a tie and coat and strictly observed protocol, always reminding Sadat and me that he was not a head of state and therefore did not rank as an equal with us. When I wanted to see him he insisted that he come to my cottage and not the other way around. He stayed up late worked very hard, kept close to his aides and advisers, and

walked to the dining area at Laurel Lodge to eat with all the other Israelis and with most of the Egyptians and Americans Sadat wore immaculate sports clothes, usually without a tie. He stayed in his cabin more than the rest of us observed the greatest possible self-discipline in exercise rest and diet, and took a four-kilometer walk early each morning. He never ate at Laurel with the others but preferred to dine in privacy. When I wanted to talk to him on the spur of the moment, I would call first and then go to his cottage. I diessed informally, and whenever possible I ran, swam tode a bicycle or played tennis to get much needed exercise. Between meetings. I spent a lot of time keeping notes of negotiations.

fter supper that first night. Begin and I met alone in my cabin. We always used a tiny private office down the hall from the main living room. It hardly seemed suitable for such important talks, but its seclusion, easy access from the cottages occupied by Begin and Sadat, and good view looking south down the mountainside made it seem right. I told Begin that I reserved the right and had the duty to put forward compromise proposals and might on occasion merely adopt either side's position if I believed it to be best. I assured him that I would not give to Sadat or to him any official U.S. proposals without discussing the unofficial drafts first with both sides. Begin insisted repeatedly that the Israelis see any American proposal before it was presented to Sadat. I spelled out to Begin the advantages of a good rapport between him and Sadat Yet for the last ten days of negotiation, the two never spoke, although their cottages were only about 100 yards apart

This first evening I was determined to accentuate the positive. I emphasized our awareness that Israel's security was paramount and that Begin's team could not be satisfied with hazy guarantees on this crucial issue. I also told Begin that his self-government proposal for the Palestinians was bold and gratifying and that his willingness to recognize



A stroll at Camp David: "Sadat seemed to trust me too much, and Begin not enough"

SPECIAL SECTION

Egyptian sovereignty over the entire Sinai was constructive

Begin interjected that on the security issue, the Egyptians had taken just the opposite view. This was the most crucial point for the Israelis. If they were to withdraw from the West Bank or allow the Arabs there to have enhanced political status, they wanted to be certain that no successful military attack could be launched against them. With total withdrawal from the West Bank, their security problems would be very serious.

Begin then outlined his previous position on the Sinai, emphasizing his most disturbing point that the Israeli settlements on Egyptian soil were a necessary buffer between Gaza and Egypt. He next addressed the issue of a separate agreement with Egypt to the exclusion of the Palestinians. Jordanians and Syrians Begin believed that an agreement on the Sinai might come first with a later accord on. Judea and Samaria. (Begin always referred to the West Bank by the biblical names. I assume to engender the notion that this was the promised land that God him-

self had given the Jews.) He was not asking for such a procedure now he said because it might embarrass Egypt if its leader did not appear to represent the interests of Arabs who were not present. He realized how strongly Sadat would object to any agreement implying that Egypt had acted only for its own benefit. It was encouraging to me that Begin acknowledged the Egyptian concerns.

The Prime Minister believed the Sinai should be demilitarized but that the three airfields the Israelis had built there should be kept by them for three to five years, afterward, one or perhaps two could be for civilian purposes with Egypt in control but Israel retaining the right to use them. Turning one airfield into a US airbase would be perfectly all right.

We had anticipated this and I responded that we did not desire any military bases in the heart of the Middle I ast but that if it was necessary for peace, we would consider such an idea Be-

gin proposed that sovereignty over the West Bank-Gaza area be left open, and reiterated that some Israeli military forces would have to be kept there. He was convinced that if Israel pulled out completely, the PLO teriorists would take over within 24 hours. But he stated emphatically that he was willing for the West Bank Palestinians to have autonomy. Begin always said "full autonomy" (We were to spend several hours one evening seeking a common understanding of what autonomy" meant—unsuccessfully)

We then addressed the really tough issues I told Begin that Sadat would never yield on leaving Israeli settlements anywhere in the Sinai For him complete sovereignty meant a total absence of Israeli dwellers Begin did not respond, but it was my impression that he thought I was mistaken about this that with other Israeli concessions, Sadat might change his mind

Another serious difference was the phrase from United Nations Resolution 242, 'inadmissibility of the acquisition of territory by wai 'The Arabs would all insist that Israel acknowledge the applicability of this principle in any treaties signed, because it would recognize that lands occupied by Israel after the Six-Day War had not legally changed hands Begin understood this well and said that the principle was good, but he would agree only if the word "belfigerent" was inserted before the word "war" ito distinguish between wars of aggression and

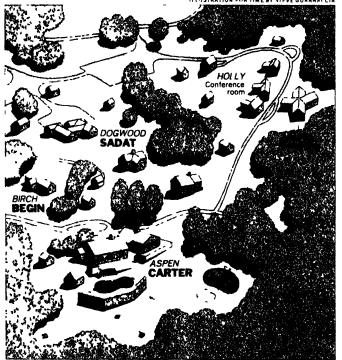
pre-emptive strikes for defensive purposes. He said Israel had been attacked by its Arab neighbors and therefore had a right to occupy lands taken in its own defense

We then discussed the equally serious problem of the Palestinians how they should govern themselves after the Israeli military government was terminated, how many would be permitted to return to their homeland, and the status of Israeli settlements in the West Bank and Gaza There were sharp differences on these points, the most important of all for the Arabs Israeli security and Palestinian rights were the two crucial demands that would be so hard to reconcile

Begin was not willing to admit that all the provisions of Resolution 242 applied to the West Bank and Gaza, or that the questions of the Sinai settlements and airstrips would have to be resolved before a peace treaty could be signed. I demurred, but did not spend much time aiguing this first night

Begin had repeatedly promised full autonomy for the West

Bank Palestinians, and I pushed him on how much freedom they would have He replied that the only powers they would not be able to exercise would be those relating to immigration of Palestinian refugees and the security of Israel This sounded good, but later the Israelis would seek a veto over almost anything of substance the Palestinians could decide even claiming that road construction and water supplies affect the security of Israel



Day 2: My heart sank

WEDNESDAY SEPTEMBER 6 Sadat preferred not to begin his official day before 10 a m after he had completed his exercise. He was always punctual, calm and self-assured, he was brief and to the point in discussions. He tried not to tell others anything he thought they already knew Rarely dwelling on details or semantics, he spelled out his positions in broad terms with emphasis

on the strategic implications of decisions

When he arrived at my cottage, I first gave him a brief report of my meeting with Begin It was very important, we agreed, not to put Begin on the defensive at this early stage but to let him spell out Israel's position for the record

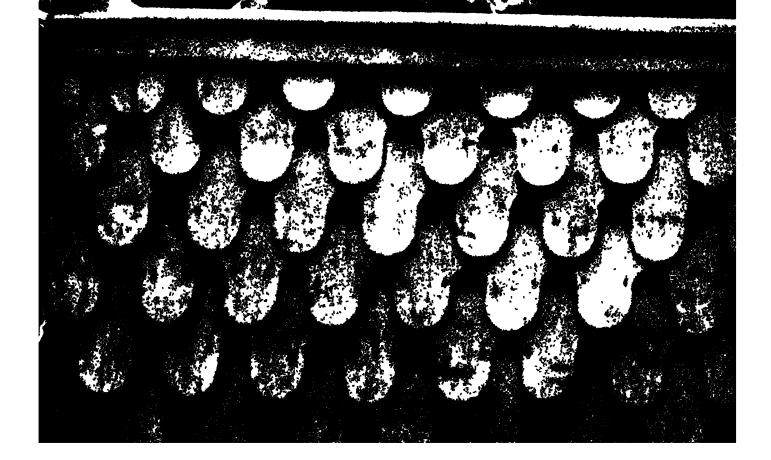
Sadat responded that the Prime Minister was a very formal man, difficult to approach or to understand. He believed Begin was bitter, inclined to look back into ancient history rather than to deal with the present and the future. He promised to go to extremes in being flexible, in order to uncover the full meaning of Begin's positions, and stated that if our efforts should fail, then when the equitable Egyptian proposals were made known, they would bring the condemnation of the world on the Israeli leader. I pointed out that Begin was a man of integrity and honor, with very deep and long-held opinions. It was difficult for him to change. He had spent a lifetime developing, expounding and defending his ideas, even at great personal danger.

Now it was Sadat's time to spell out Egypt's position. He sat erect and spoke calmly, referring to a few notes. He explained that Egypt must have every inch of her land returned, with unequivocal sovereignty over it, and that other Arab nations must be treated the same. I asked how he assessed the difference between sovereignty on the Golan Heights and in the Sinai vs. the West Bank and Gaza. He said there was a great difference

SPLCIAL ADVERTISING SECTION

THE PLEASURES OF PHONORMAN

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The Magical Gift

hotography has the almost magical gift of giving pleasure at once and to virtually everybody who picks up a camera. There's no need to struggle through an awkward beginner's stage, investing time and trouble with an eye on the future. Photo fun begins from the first time you start clicking the shutter, from the first time you see the glossy, colorful pictures you've taken and share them with friends or family members.

But photography offers infinitely more than instant pleasure. While milions of people are satisfied with the rewards of Sunday snapshooting, millions of other people look through a view-tinder and discover a new world with an endless range of possibilities. And as the possibilities open up, they become aware of the challenging nature of photography, the many difficulties that must be mastered on the way to the

Hermann Kirschel, like the three other photographers whose work is featured in this section, pursues photography not as a means of making a living, but as a way to enrich his life. In addition to the personal pleasure of taking pictures, he and the others have had the satisfaction of seeing their work published in magazines displayed at exhibitions and honored with prizes.

His photo of the brooding boy with soop bubbles (cover) was taken on a dismal overcast day and is intended to express the mood of that day in a unified composition "Through photography," says Mr Krischel, "I've learned to look at nature more closely, to experience it, and to include that experience in my pictures Even on the streets of a big city, nature is all around us if we have the sensitivity to see it"

His personal perspective on Frankfurt's famous Römer (right) blends history and nature. It was taken with a splitfield filter that solves a baffling photographic problem—how to take a wide-angle close-up while keeping both the foreground and the background in sharp focus "Nature and composition are my first interests," he says, "but technology helps me express them I take advantage of a wide range of phototechnology to approach many different subjects. Bridging the so-called gap between creativity and technology still gives me pleasure, even after 35 years of photography."

higher realms of achievement

The fascinating fact about photography today is that it is being enjoyed on so many different levels. It is one of the world's favorite leisure pursuits and one of the world's most competitive professional careers. At the same time, thanks largely to the efforts of legions of talented amateurs, photography has become perhaps the most dynamic, democratic and internationally-popular art form of our day.

The only requirement

There is only one requirement to enjoy using a camera. You have to enjoy seeing. Age, income, occupation, environment and previous training are quite irrelevant But something out there in this big, beautiful world of ours has to appeal to your eyes. It may be the people close to home or the inhabitants of distant lands, city streets at night or wild animals dozing in the sun. Some people spend their entire photographic lives taking pictures of clouds, while others feel that children under six are the only subjects worthy of recording on film.

Whatever the images that delight your eyes, there are now cameras and films that can capture them for you, preserving the richness of their moods and colors for others to enjoy. This section is intended to help you find that camera, to offer hints on how to use it, and to introduce you to four very dedicated amateurs who, like millions of other people, have found that photography can be a lifelong pleasure and a life-enhancing pursuit.



The Right Camera For You

A recent camera buying guide mentoned no tewer than 150 different models, and that is by no means a comprehensive list. The good news is that almost all of these cameras are quality products. Photographic technology has been maturing for well over a century. Intense competition over the years has enabled reliable manufacturer to dominate the market, and the buyer can have considerable confidence in all the famous names.

But while many camera are good, not all of them are right for you. It makes little sense to speculate about which is the best camera on the market because the best is a very personal consideration determined by your hands and eyes, your budget and, most of all by the kind of pictures and pleasure; you want your camera to provide. The best preparation for buying a camera is to put your own picture taking goals into the electrest possible focus.

For the very human pleasures of taking pictures around the house or on occasional outlings and trips, a pocket camera, equipped with its own electron ic brain, will provide a satisfying blend of ease, enjoyment and economy. At the other end of the spectrum, highly experienced photographers, who find their pleasure in technically perfect studio shots and

lite-size enlargements, will probably in sist on a medium or large format camera. Between these extremes, there lies a vast realm of photographic pleasures which can be explored with a 35mm SLR, or single Lens Reflex camera.

SLRs and the pleasures of growth

It you want to enjoy a broad range of photographic pleasures, allowing your interests to change and develop over time, you'll probably get the greatest satisfaction from a 35mm SLH camera. The outstanding benefit of an SLR is virtually unlimited versatility. First of all, today's electronic SLRs are very light. Complete with standard lens, most weigh less than two pounds, some as little as one pound. While they won't slip into your shirt pocket, they can be, and frequently are carried by mountain.

Although many photographers admire Ken Green's work, few would voluntarily follow the path that led him into photography. He was injured in a serious accident during his early 30's, and to speed his recovery, his doctor advised him to take up a stimulating but non-stressful hobby. He bought a camera and started taking pictures of his children. The therapy proved so successful that today, at

climbers, deep-sea divers, astronauts and other active souls pursuing pictures just about everywhere under the sun

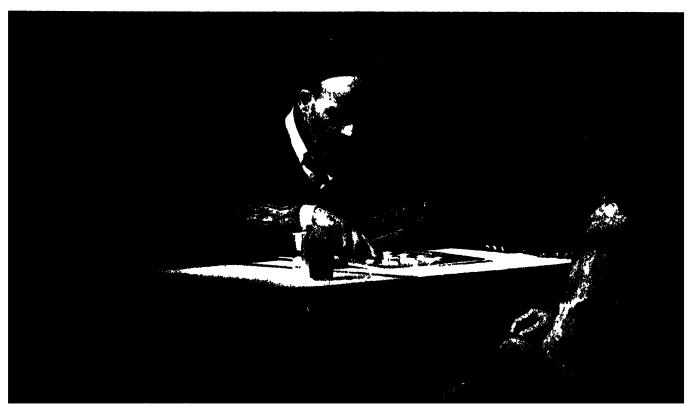
Further versatility comes from the tact that SI.Rs can be equipped with hundreds of different accessones. In addition to motor drives that fire up to six shots a second, flash attachments for every lighting situation and filters for every color in the spectrum, some manufacturers offer up to 50 lenses. And if that's not enough, you can attach an SI.R to a telescope for pictures of the planets, or to a microscope for studies of the tacets of a dragonfly's eyes.

The flexibility of 35mm film

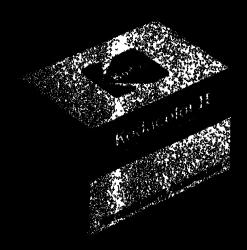
Still another factor in reasing the versatility of 35mm SLRs is the type of film they use. To begin with, the size of 35mm film make at ideal for prints clicies and enlargements up to, or even bigger than, the photo on the cover of this action. And whether you prefer to shoot in color or black and white, you

the age of 60, he is enjoying an active retirement and considerable renown as an amateur photographer

People remain his major photographic interest. His portraits are taken both at home in Australia and on journeys to other lands 'Rembrandt Light, Morocco' (below) reveals how a special sensitivity to light, color and composition illuminates his simple scenes of daily life.



No camera is better than the film inside it.



THE PLEASURES OF PHOTOGRAPHY

can find special 35mm films for almost every conceivable lighting condition

There are slow speed films that capture the richness of nature's colors, high speed films for photographing anything from a birthday party to a ballet per formance indoors. There are films for fluorescent light, tungsten light and moon light. There are even infrared films for recording light waves below the sensitivity of the human eye.

Thus 35mm SLRs are today's 'go anywhere do everything cameras'. Offering a compact body that accepts hundreds of different accessories and can be loaded with dozens of different types of film, they are favored by most serious amateurs, including all four of the photographers featured in this section. They are also chosen by a great many professionals for work outside the studio.

Your first SLR

You don't have to be a technology buff or an experienced photographer to enjoy using a 35mm SLR. In fact, many people choose an SLR as their very first camera, and it's a wise choice for people who are attracted by the creative adventure of photography. While SLRs still cost a little more, weigh a little more and require a little more skill than

snapshot cameras, the difference is quite small. Thanks to the computer chips that are making all our products smaller, simpler and smarter, it's now possible to go out and start snapping up images with your tirst SLR after spending 20 minutes with the instruction manual.

Most SLR beginners get off to a smooth start with a compact, moderately priced camera that offers a semi-automatic exposure system. This system can be aperture-priority, in which case you set the lens aperture and the camera automatically selects the corresponding shutter speed, or it can be shutter priority, in which case you set the shutter speed and the camera selects the aperture

Both systems have their advantages Aperture-priority gives you greater control over depth of field or focus in your photos, while shutter-priority is preferable for action shots of fast-moving subjects You'll find it easy to use either system because colored lights or needles in the viewfinder of the camera show you exact ly how to set the controls and warn you against errors

A touch of humor and a painterly eye are evident in this photo by Ken Green where the spectators themselves become a colorful spectacle

Trust your feelings

The way a camera feels in your hands and fits the contours of your face is almost as important as the features it offers. Some people want a camera to feel solid and steady, others think that lighter is better. You'll also increase your satisfaction by selecting a camera with controls that fall naturally under your fingers and viewfinder displays that are easy for your eyes to read.

Many people buy their first SLR with a standard 50mm lens. Since the 50mm lens offers almost the same perspective as the human eye, it's a convenient and comfortable way to start. But there are other choices. A 35-80mm zoom lens, for example, gives you the flexibility of three lenses in one—wide-angle, standard and moderate telephoto (sometimes called portrait).

You don't have to spend a fortune to get started in SLR photography Prices vary from country to country, but US\$200-300 should be enough to put you out on the street with a camera, lens and automatic flash unit. If you go on to develop your interest in photography, you'll find the investment thoroughly justified. The skills and equipment you acquire with your first SLR will form an enduring foundation for years of growth and exploration.



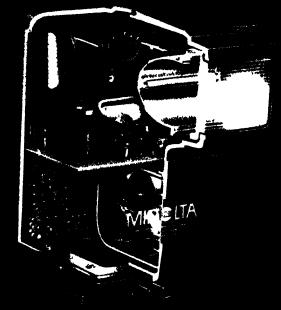
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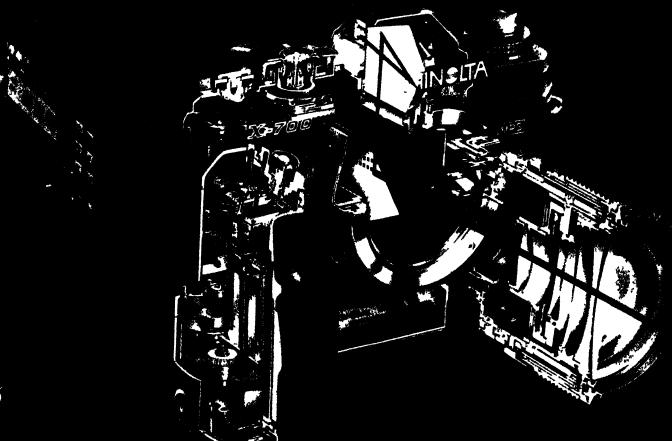
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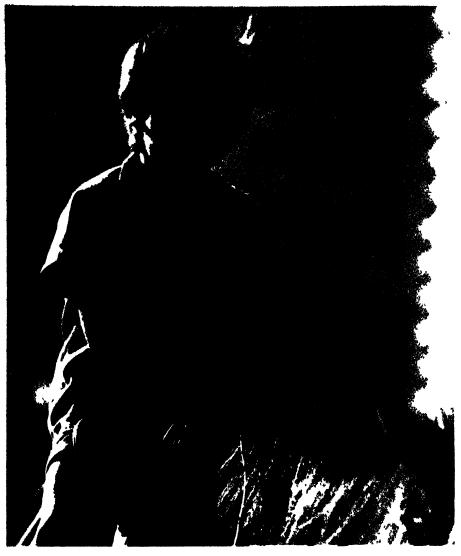
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X-700

MINOLIA







Your second SLR

Most people want automatic case from their first SIR, but they tend to demand greater creative control and flexibility when choosing their second camera. Manufacturers are responding by offering SLRs with two, three or as many as six different exposure modes. Manual exposure, where the photographer sets both lens aperture and shutter speed, gives you the greatest control over light, focus and motion. So all ad vanced SLRs offer manual exposure, and some fine cameras offer only that

But since it takes time to set exposure factors manually, even experienced photographers appreciate the speed of automation. Auto/manual SLRs are popular with many photographers because they provide manual exposure for lessurely shooting situations and semi-automatic exposure, either aperture or shutter-priority, for shots where more speed is required. The next step up in versability is an auto/manual SLR which

also features programmed exposure

In the programmed system, the camera automatically selects both shutter speed and lens aperture in response to light conditions. The photographer's only tasks are to aim focus and shoot Beginners enjoy the foolproof ease of this system, for experienced photographers the advantage lies in being able to respond instantly to candid situations and street scenes.

If you'd like a camera that offers all the exposure modes mentioned so far, plus a couple that we haven't even discussed, then look into a multi-mode SLR. The motto of multi-mode cameras is "Be Prepared." They offer an exposure system for every conceivable situation. People who take pleasure in state-of-the art electronics will find that they are tascinating tools.

The ultimate SLR

While medium-priced SLRs are rich in electronic features, cameras at the top

Neil Perkins, whose photo 'Laughing Boy' appears on the left, has found a unique solution to the basic problem of people photography—putting the subject at ease. In his case, the problem was especially difficult because his favorite subjects, the aboriginal people of Australia, tend to be very shy with camera-toting strangers.

But Mr Perkins is no stranger to the Cherbourg Aboriginal Community. He has been their visiting Dental Surgeon for the last 25 years, and his camera has been a constant companion during countless visits to the community. Over the years, he has won the trust of the people and discovered that dark hills under afternoon light create an ideal setting for his portraits.

"The aboriginal people are very good subjects," he says "They're reserved at first But once they relax, they express their emotions almost without inhibitions Especially the children They laugh so freely 'Laughing Boy' was taken with a 200mm lens and ASA 25 film You can see the rich yellow light of our Australian winters"

of the line return to sophisticated simplicity. They are designed with the professional in mind, and the first requirement of a pro-is reliability. He insists on a solid camera, built for years of rough handling in all climates.

Manual exposure is the basic mode in professional-quality SLRs, and the manual system is often designed to work even when the batteries fail. In addition. some excellent cameras also ofter semi automatic exposure with film plane metering. The advantage of film-plane metering is that the camera measures light during the actual moments of exposure, when the shutter is open and light is pouring through the lens to expose the film. When the proper exposure is achieved, the camera automatically closes the shutter. In contrast, convertional metering takes place up in the viewfinder just before you open the shutter to expose the film

Film-plane metering is especially nandy for automating complex types of photography, such as close-up and bounce flash, or macro and time exposures. This system is available not only in expensive SLRs, but also in some compact, medium-priced models.

Modular construction is an important feature of professional SLRs. Viewfinders and focusing screens can be changed for everything from waist-level view ing to micro-, astro- and architectural

It calls the shots in every shot.

Canon AE-1 Program. It decides each shot, while you capture the moment just right.

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So you can get that one in a million shot, when you only have time to aim and shoot, perfectly

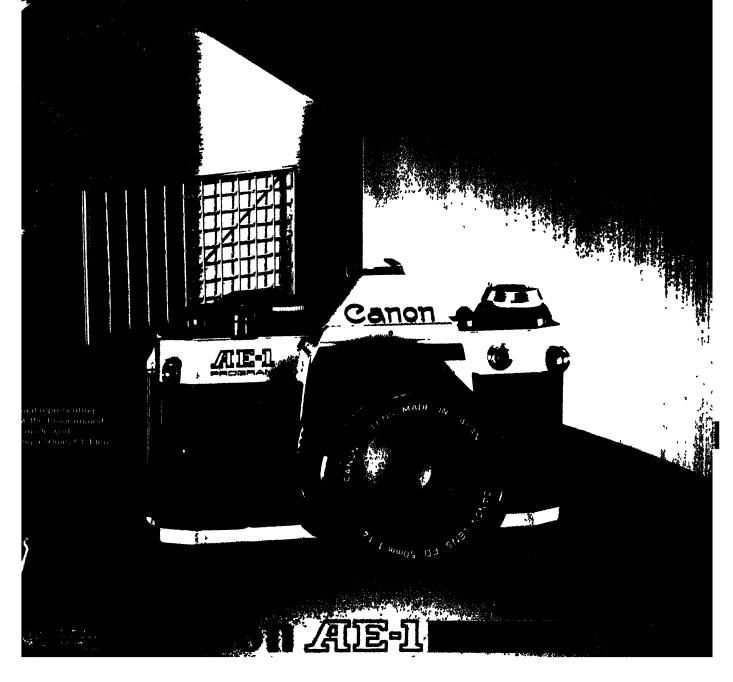
Yet, because this CPO also offers you shutter priority AL, you still have the option of setting your own shutter speed for fast moving subjects. Or of

pto totally manual operation if you choose peed and aperture for those special creative

officets.

The ALL Program, naturally commands a full range of Canon accessories. Your choice of eight interchangeable focusing screens. Motor drive Power winders. Automatic Hashes, And over 50 superlative Canon Rew ED Lenses.

But its true worth, to SER novice and advanced amateur alike, is sophisticated electronics. Financing precisely exposed photographic moments, shot after shot Canon AET Program. Let it decide



THE PLEASURES OF PHOTOGRAPHY

photography For even more specialized applications, you can turn the camera into a robot eye with a remote control unit, motor drive and bulk film magazine holding hundreds of exposures

Ranging in price from a couple of hundred to a couple of thousand dollars, and ranging in application from snap shot fun to ultra-technical scientific work, SLR cameras are astounding optical in struments. In terms of sheer versatility, their only rival may be the human eye

The Simple Pleasures of Pocket Cameras

It's possible, of course, to have a great deal of photo fun without investing in SLR versatility. A pocket camera costing from around US\$50 to US\$150 can give you all the pleasures of snapshot photography. While the cost is low, the technology and performance of recent snapshot cameras is very high. They produce photos that are crisply focused and correctly exposed, all at the touch of a single button. These pictures may never win gold ribbons, but they can be collected in a colorful family album that will provide pleasure for generations.

The three most popular types of pocket cameras are based on three dif-

terent film tormats 110 cameras are the lightest and slimmest because they use the smallest type of film. They slip into your shirt pocket and weigh so little that you're hardly aware of carrying them around. They also eliminate the problems of film-loading because 110 film comes in pop-in cartridges.

Recently, a new type of film mounted on discs, instead of cartridges or rolls, has been developed. Disc film has

The nature photography of M Nakajima is rooted in a deep feeling about a particular place. For ten years, he has been photographing the Ose National Reserve, where mountains and marshlands meet in some of Japan's most evocative landscapes. In the vibrant colors of Ose, he finds a vital counterpoise to his work as a black and white darkroom specialist in Tokyo

When spring and summer wildflowers bloom, he spends every weekend in the park, trekking 15 kilometers a day, with 15 kilograms of equipment on his back Infinitely patient, he may search for three years before finding precisely the flower he wants in the light and setting that reveal its fullest beauty Because ASA 25 film captures the deepest colors, he works with a tripod-mounted camera at slow shutter speeds

led to the creation of a new breed of super-slim, full-automatic disc cameras Offering quality prints and high-tech simplicity, disc cameras are already catching on in a big way

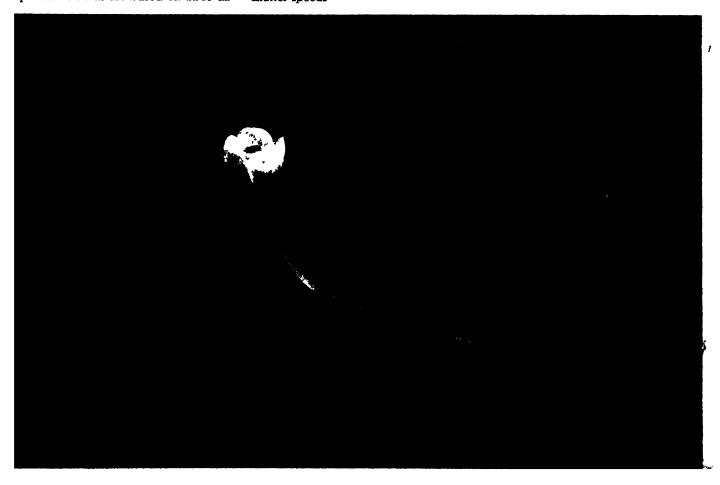
Pure pleasure with fully-automatic rangefinders

Photography is pure pleasure if you use a camera that does all the work for you with automatic ease and precision

He shot 40 frames of the yellow water flower (below) Most of his photos included a cluster of leaves around the stem Then Nature intervened Wind blew the leaves away and, unexpectedly, he found the perfect shot

The butterfly (right) was a chance discovery, spotted while he was hiking towards the day's first location. Apparently drowsy in the morning chill, the butterfly obligingly sat still while he clicked off ten shots with a 50mm macro lens.

The autumn leaves (bottom right) reveal a classic kimono pattern. But many of us might have missed it because the pond was covered with hundreds of floating leaves. Using an 80-200mm zoom, he started with the big picture, then gradually tightened his framing until he achieved this harmonious composition.



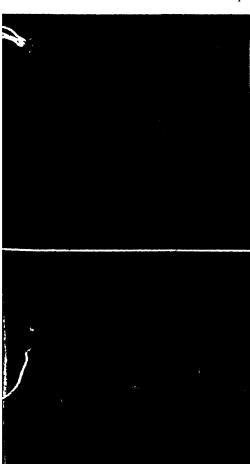
Recent leaps in electronics have transformed the familiar 35mm rangefinder to a best-selling example of contemporary technological chic

There are models that can automatically wind and rewind your film, automatically focus on your subject even in the dark, automatically adjust to light conditions night or day with the aid of a pop-up flash, and automatically print the time and date in a corner of your photo. All the photographer has to do is choose the subject and press the shut ter, with complete confidence.

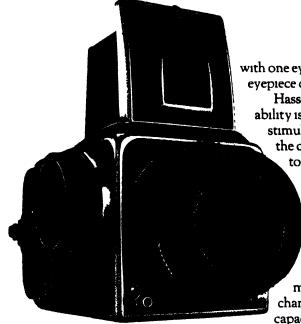
Because the new rangefinders let you shoot in an instant, without setting any controls at all, they help you catch smiles and gestures that you might miss with a prore complicated camera. They make snapshots more spontaneous, and for candid shots around town, they simply can't be beaten.

Instant communication with instamatic cameras

If you teel that communication is the prime pleasure of photography, a camera that instantly develops your prints may be the best choice. You'll find that everyone shares in the excitement of waiting for the finished print to slide out of the camera. And it's a very



Can any camera make you a better photographer?

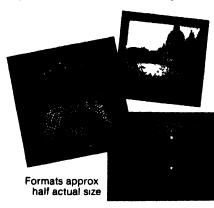


We think the answer is "ves"

While talent, admittedly, comes first, equipment comes second And there's a world of difference between cameras

The moment you hold a Hasselblad in your hand you'll sense that difference

When you look into the viewing hood you'll see a big, bright



2½" x 2½" image projected onto the ground glass screen. You'll find this experience considerably more satisfying than peering

with one eye through the tiny eyepiece of a 35 mm.

Hasselblad's interchangeability is another great creative stimulant. It helps you shape the camera configuration to suit your own ideas, so the camera and your mind's eye can work together as

one.

You can interchange the film magazine with other magazines, permitting changes in film types, capacity and even formats.

You can interchange the lens with other Carl Zeiss lenses, for a wide range of optical options. These lenses greatly extend the vision of the camera and open up an exciting range of creative possibilities.

So if you're looking to improve your photography, look into a Hasselblad



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short wait nowadays—usually just over a minute. While traveling, you'll discover that instant cameras create instant friends. Local people are likely to open their hearts when you not only take their picture, but give them a print, developed on the spot

The life-size pleasures of mediumformat cameras

Although 35mm SLRs are wonder fully versatile, they do have limitations that come from a relatively small film size and focusing area. When big blow ups with impeccably clear focus are required, many professionals and some serious amateurs prefer to work with a medium format camera. The negatives produced by medium-format cameras are more than four times as large as 35mm negatives. Even when these negatives are enlarged to poster size, each detail remains strikingly sharp.

The focusing screen of a mediumformat camera is also large enough to let the photographer compose his scene with professional care and precision Most medium format cameras have a look-down, waist-level viewing system in which the image is reversed left-toright. It takes practice to master this system, but then medium-format cameras Ken Green contributes our parting shot In terms of subject, a child staring at a domestic animal, it is far from unusual But there is a marvelous glow diffused over the whole scene and an emotional richness that make the photo deeply suggestive Perhaps it can even be seen

are not intended for casual photographers. And to make life easier, manufacturers also offer eye-level viewfinders in which the image is not reversed.

Because of their size and viewing system, medium-format cameras are not ideal for fast-action shooting. Supreme in the studio, they are, however, light enough for the more leisurely types of outdoor photography. Some of the most beautiful landscapes, architectural shots, still life compositions, portraits and close-ups of flowers are taken with medium-format cameras.

Offering exceptionally fine craftsmanship, medium-format cameras have an enduring appeal for the mastercraftsmen of photography

The time is now

From the smallest and simplest to the largest and most complicated, all cameras are basically light-tight boxes with a little hole in one wall to let in the as a symbol of the joy of visual discovery that so many photographers experience through their cameras

The works of Ken Green and Neil Perkins were provided through the kind cooperation of the Australian Photographic Society

glow of the outside world But somehow these boxes, with their miniscule gears and levers, their mirrors, lenses and computer chips, have the curious property of warping time. They give us the power to stare back into the past from the future, yet they concentrate exclusively on the present. And perhaps because they focus so purely on the immediate scene, cameras seem to open our eyes wider, to rinse away the dust of habit and to restore us all to an almost child-like pleasure in the simple act of seeing



Mark Lapin is a business and technical writer based in Tokyo 4 He has been covering the camera industry for a number of years As an amateur photographer whose works

are better left unshown, he specializes in pictures of cats

There were recognized international boundaries for Sinai, all of much belonged to Egypt, and for the Golan, all of which belonged to Syria I asked him where he ascribed sovereignty in the Vest Bank and Gaza, and he replied, "Sovereignty rests among the people who live there, not in either Jordan or Israel' He would not yield any of the occupied land to Israel, at least in this early session. All of it should go back to Egypt Syria or the Palestinians.

Unlike Begin Sadat wanted a firm framework for a permanent peace and was eager to deal with all the specific issues while we were together. He agreed with my suggestion that, once a "framework for peace" was signed, aides could draft a peace treaty over a period of three months.

After much haggling over just what kind of agreements should even be sought at Camp David the three principals eventually decided to try to reach accord on two veparate documents. One to be called "The Framework for the Conclusion of a Peace Treaty Between Egypt and Israel," would deal primarily with ending the represent wars between the two nations, the withdrawal of Israeli forces from land in the Sinai seized in the 1973 war recognition by Egypt of Israel's right to exist and the status of Israeli settlements in the desert. The second, "The Framework for Peace in the Middle East, would outline the procedure for reaching a broader agreement on the more difficult questions of the rights of Palestinians living in the West Bank and Gaza and how those disputed territories would be governed

Sadat next handed me the opening proposal of the Egyptians. As I read it my heart sank, it was extremely harsh and filled with all the unacceptable Arab thetoric. It blamed Israel for all previous wars and demanded that Israelis offer indemnities for use of the occupied land, pay for all the oil they had pumped out of Egyptian wells, permit refugees free entry to the West Bank, withdraw their forces to the original pre-1967 boundaries allow the Palestinians to form their own nation and relinquish control over East Jerusalem. When I had finished reading Sadat said he would like to offer me some modifications which could later be adopted as acceptable to him. He cautioned me not to reveal these to anyone, because it would destroy his negotiating strength if his final positions were to be placed on the table this early.

Sadat had studied the points I had been making the past few months, he said, and found them reasonable. He recalled the first time we had met and his conviction then that some of my dreams would never be realized in his lifetime. Now he was prepared to make those dreams come true, because the people of the two countries and most of the world wanted peace.

Typically, Sadat drew the conversation to a close with a strategic analysis of the situation in Saudi Arabia, Iran, Afghanistan, Sudan and South and North Yemen. He seemed especially worried about the vulnerability of Saudi Arabia, adding that if a real threat ever developed there, he would be willing to help. He had told Crown Prince Fahd, "Your borders are my borders." In spite of the Saudis public criticism of his peace initiative, he was still willing to uphold this commitment.

Sadat wanted a strong initial proposal on the record, to appease his fellow Egyptians and the Arab world, but he would be willing to make major concessions (within carefully prescribed limits) so that his final proposal would prove to everyone the reasonableness of his approach

While at Camp David, Sadat wanted to make Egypt's decisions himself, did not like to have aides present when he was with me and seemed somewhat uncomfortable when they were found Sadat spent little time with his staff. In contrast, Begin relied very heavily on his aides. I was soon to be thankful that each man had developed his own style, because in Sadat's case the leader was much more forthcoming than his chief advisers, and in Begin's case the advisers were more inclined to work out difficult problems than was their leader.

Begin came first to the afternoon meeting I told him quickly that Sadat would present a very aggressive proposal and cautioned him not to overreact Sadat soon arrived I decided to play a minimal role during these first sessions so that the other two could become better acquainted I knew what they had to say I could have recited some of the pertinent passages in my sleep

Begin said that many differences were not yet resolved, and that the basic disagreements were so broad as to require a few months of negotiation by technicians working full time five days a week I then asked Sadat to respond He said there was already a fundamental difference of opinion, even in these preliminary comments, about what we were to accomplish at Camp David He stated that his peace initiative to Jerusalem had brought forth a new era The era of war was coming to an end, he said Sadat reiterated what he and I had agreed that we must produce a comprehensive framework for peace, not avoiding any of the controversial issues, and then allow three months of drafting time merely to put our agreement into final form. This would comprise the permanent treaty of peace

Sadat was strangely ill at ease, uncharacteristically fumbling for words and repeating himself several times. Begin waited very patiently until he got through then said that when the Catholics choose a new Pope, they say "Habemus Papam" (We have a Pope). He wanted us to be able to announce, 'Habemus pacem" (We have peace). This was the last time I remember him waiting patiently for someone else to finish speaking.

Begin wanted to deal with the Sinai, keep the West Bank and avoid the Palestinian issue Sadat was determined to address all three I sided with Sadat, of course, and stated that the principals must address all the controversial issues. The US would reserve the right to put forward its own ideas on an equal basis with the other two, because there might be times when either of them might accept, albeit reluctantly, a proposal from me that they would be unwilling to accept from each other. Begin said these concepts were all right with him

I asked Sadat, 'Are you willing to act in the administration of the West Bank and to conclude an Arab-Israeli treaty if Jordan is not willing to participate?' He replied, "Yes, we are " I then asked if he was willing to negotiate a Sinai agreement at the same time that a West Bank-Palestinian treaty was being concluded, and he said yes but added, "I will not sign a Sinai agreement before an agreement is also reached on the West Bank" Sadat was to prove adamant on this

He then began to read his tough and unacceptable proposal, after requesting that Begin not respond until he had discussed it with his aides. When Begin agreed, both seemed relieved

During the reading of the paper, Begin sat without changing expression, but I could feel the tension building. When it was over, no one spoke for a while, and I tried to break the tension by telling. Begin that if he would sign the document as written, it would save all of us a lot of time. Everyone broke into laughter Begin asked, "Would you advise me to do so?" I said no, we had better consult with our aides.

All of a sudden both men seemed happy, friendly Begin made a nice statement about how glad he was to get the document, how hard he knew the Egyptians had worked on it and how much he appreciated the thoroughness of their preparation Listening to it had been very interesting, he said, but reading it would be much more informative. We parted in good spirits, everyone patting each other on the back. It was the high point in feeling until the final hours, many days later.

Day 3: "Premier Begin, you want land!"

THURSDAY, SFPTEMBFR 7 Beginning at 8 30 a m. I met for two hours with Begin Foreign Minister Moshe Dayan and Defense Minister Ezer Weizman Secretary of State Cyrus Vance and National Security Adviser Zbigniew Brzezinski were with me We sat around a table in a small cottage named Holly Everyone had read the Egyptian document Begin was now excited and irate about the tone and substance of the document "This smacks of a victorious state dictating peace to the defeated!" he said "This document is not a proper basis for negotiations"

I tried to calm the group without denigrating Sadat's effort. I wanted to file Sadat's paper and go on to more realistic options, but Begin insisted that we analyze the Egyptian proposals in detail Sadat used 'Palestinian" to mean the Arab dwellers throughout what had been Palestine under the British Mandate many of whom were now refugees or living under Israeli occupation Begin exclaimed, 'Palestinians' This is an unacceptable reference Jews are also Palestinians. He must mean 'Palestinian Conquered territory' Gaza was also conquered by Arabs Lgypt ' Begin continued I pointed out that Egypt was not claiming sovereignty over Gaza "Sinai settlements! There is a national consensus in Israel that the settlements must stay!' This claim was to become the most serious problem of all Sadat was insistent that all Israelis must leave his territory Begin was equally insistent that no Israeli settlements in the Sinai would ever be dismantled

I told the Israelis that the key question was 'Are you willing to withdraw from the occupied territories and honor Palestinian rights in exchange for adequate security assurances, including an internationally recognized peace treaty? If not I gypt will eventually turn away from the peace process and the full power of the Arabs and perhaps world opinion will be marshaled against you

The expanding settlements were creating doubt that the Israelis were bargaining in good faith concerning any reduction in Israeli influence on the West Bank. This was the root of Sadat's distrust of Begin's motives, and I admit that I shared the belief that the Israeli leader would do almost anything concerning the Sinai and other issues to protect Israel's presence in "Judea and Samaria." I expressed this concern as forcefully as possible. Begin was evasive. His proposal was that everyone simply live together with the question of sovereignty to be decided later.

The arguments became sharper and more heated I said that an Israeli commitment to withdraw was imperative, but that I was not trying to specify how much I insisted that the interim proposal to let the Palestinians have full autonomy be as forthcoming as possible with maximum authority for the people who lived on the West Bank and in Gaza A continuing military occupation and deprivation of basic citizenship rights among the Arabs was unacceptable to the world and contrary to the principles that had always been such an integral part of Jewish beliefs Begin shifted back to Sadat's proposal and began to analyze it again in minute detail. We were wasting time

I became angry, and almost shouted. What do you actually want for Israel if peace is signed? How many refugees and what kind can come back? I need to know whether you need to monitor the border what military outposts are necessary to guard your security. What else do you want? If I know the facts then I can take them to Sadat and try to satisfy both you and him. I believe I can get from Sadat what you really need, but I just do not have your confidence.

Weizman replied 'We wouldn't be here if we didn't have confidence in you'

I repeated my point "You are as evasive with me as with the Arabs. The time has come to throw away reticence. I believe I can get Sadat to agree to your home-rule proposal if you convince him and me that you are not planning to keep large parts of the West Bank under your permanent control."

I accused Begin of wanting to hold on to the West Bank and said that his autonomy proposal was a subterfuge. He resented this word very much and subsequently brought it up many times. I stressed again Sadat's courage and personal sacrifice in making the peace initiative. A demilitarized Sinai and Egypt's signed agreement with Israel would protect Israel's security in the world community and even within the Arab world after we were gone. I emphasized that in Begin the Israelis had a Prime Minister with a demonstrated willingness to give his life for Israel's security. If we wasted this opportunity we would never have it again.

Unmoved, Begin turned again to the Sadat paper, saying that it would force the Jews to become a minority in their own country, that it smacked of the Versailles treaty and that Sadat

wanted peace with an Israel that would be not only vulnerable but doomed. He would demand that Sadat withdraw the proposal I said, 'Sadat will never withdraw his proposal. Any of us should have the right to put forward anything we desire. This paper may also represent a Saudi perspective, which Sadat has to accommodate. You can be equally effective in rejecting the paper by saying it is unacceptable."

Then the Israelis conducted a long discussion in Hebrew This came to be a convenient way for them to speak in confidence without disrupting the meeting by withdrawing from the toom. On rare occasions, it resulted in Begin's changing his mind. This was one of those times.

egin and I walked from Holly to Aspen, arriving at my cottage just in time to greet Sadat I led the way to the study and sat behind the desk. They took the other two chairs facing each other across the desk. I decided to withdraw from the discussion so Begin and Sadat could address each other directly. While they talked I took notes and they soon refrained from talking to me or attempting to seek my opinion.

Begin was well prepared and did not waste any time. He was brutally frank as he discussed each issue in Sadat's paper. Sadat remained silent until Begin defided the idea of Israel's paying reparations for use of the occupied lands. Then he interrupted and a hot argument took place. Begin rejected the idea that his nation should pay for the Egyptian oil being pumped at that moment to Israel. Sadat was incensed. They began arguing about who had conquered whom, and I had to intercede to say that neither was claiming that the other represented a defeated nation. Sadat accused Begin of being interested primarily in the retention of occupied land. Begin retorted that 24 000 sq. mi. of territory were involved that he was offering to return more than 90% of it to Egypt now, and merely postponing the sovereignty question on the other 2 340 sq. mi.— a figure that I assumed at the time was the area of the West Bank and Gaza.

It was a telling point, and Sadat decided to shift ground. He said we needed to discuss basic principles, and not get bogged down in square meters or other details. One of the principles that could not be ignored was the phrase "inadmissibility of the acquisition of territory by war." He said this was the essence of the question. He leaned forward in his chair, pointed his finger at Begin and exclaimed "Premier Begin, you want land!

Sadat reminded us that the disputed phrase came directly from Resolution 242 which all of us agreed to be the foundation of our peace efforts. He was fervent in condemning "the Israeli settlements on my land

All restraint was now gone Their faces were flushed, and the niceties of diplomatic language and protocol were stripped away Begin repeated that no Israeli leader could advocate dismantling of the Sinai settlements, and he added that other conditions would have to be met before the Sinai could be returned

Begin had touched a raw nerve, and I thought Sadat would explode He pounded the table, shouting that land was not negotiable, especially in the Sinai and Golan Those borders were internationally recognized He said that for 30 years the Israelis had desired full recognition, no Arab boycott and security He was giving them all of that "Security, yes' Land, no" he shouted

There was no need for UN forces in the area, he declared, Israel and Egypt could defend themselves. He promised that there would be no restrictions on navigation in the Suez or the Strait of Tiran. A permanent end to belligerency—all this, and more But he said, he must terminate the discussions if Begin continued to prove that he wanted land

Begin was calmer than Sadat He said he had already demonstrated his good will by changing a longstanding policy of his government concerning the Sinai land between Eilat and Sharm el Sheikh His predecessors had been determined to keep this land, and he was offering it back to Egypt, which was very difficult for him He added that the presence of a few Israeli settlers' homes was not an infringement on Egyptian sovereignty

Begin conceded that Egypt was not claiming sovereignty

over Gaza and added that he was not now preparing to pursue bown claims of sovereignty over the occupied land in the West Bank and Gaza. This concession did not satisfy Sadat. He maintained that neither Israel not Jordan could claim sovereignty over the West Bank, self-determination by its residents was the only measure of sovereignty and would lead ultimately to a Palestinian state. In his opinion, such a state should not be independent or have military forces, but should be linked to Israel or Jordan. His preference was Jordan. He knew King Hussein wanted the West Bank but he emphasized again that it belonged neither to Israel not to Jordan.

I acted as a referee and on occasion explained what was meant when there was an obvious misinterpretation. Strangely every so often laughter broke out. Once for instance, one of them referred to kissing TV's Barbara Walters and wondered if the cameras were on and what his wife might think. Another outburst of laughter came during an argument about which one of

them was responsible for the hashish trade through the Sinar tween Israel and Egypt Still we adjourned under considerable strain Begin expressed his complete confidence in Sadat Conspicuously, Sadat did not make a similar statement

I did not know where to go from there. We had accomplished little except to name the difficult issues. Almost every discussion of any subject deteriorated into an unproductive argument reopening old wounds Under pressure the Egyptian leader moved away from details and words and into the realm of principles and broad strategic concepts feeling pressed the Isracli leader invariably shifted to 🙎 discussion of minutiae or semantics with an inclination to recapitulate ancient history or to resurrect an old argument

These differences shaped the negotiating technique I developed in the days ahead and eventually opened up the road to an agreement I would draft a proposal I considered reason-

able take it to Sadat for quick approval or slight modification and then spend hours or days working on the same point with the Israeli delegation. Sometimes in the end, the change of a word or phrase would satisfy Begin

I was never far from a good dictionary and a good thesaurus and on occasion the Americans and Israelis would be clustered around one of these books, searching for acceptable synonyms What was meant by 'autonomy,' self-rule, 'devolution' Palestinian people,' autonomy, 'minor modifications' 'refusers' and self-rule, 'autonomy, 'minor modifications' refusers' and self-rule, 'minor and self-rule,' The Four-

Palestinian people, authority, "minor modifications 'refugees 'insure ensure or guarantee,' and so forth? The Egyptians were never involved in these kinds of discussions with me

On any controversial issue. I never consulted Sadat's aides but always went directly to their leader. It soon became obvious, however, that Dayan, Weizman or Attorney General Aharon Baiak could be convinced on an issue more quickly than the time Minister and they were certainly more effective in changing Begin's mind than I ever was. More important was the bottom line all three of us wanted peace the people of Israel and Lgypt wanted peace. Our efforts were now prominent in the eyes of the world and we did not want to fail

At the beginning, that Thursday afternoon meeting reflected the strain of the earlier arguments. Begin immediately went back to his desire to avoid the difficult problems. He said that regarding the Sinai issues, including settlements and airfields, we

should turn the problem over to the military leaders, who could resolve the differences and report back to the heads of government for approval Sadat quickly replied that this would be a complete waste of time. Without specific direction from the top there would be no way that his Defense Minister could negotiate for Egypt.

Sadat stated that absolutely no military control would be permitted over Egyptian territory by Israel the US or any other nation and that Egypt had no use for the airstrips the Israelis had built. He would prefer that they be plowed up when the Israelis withdrew. Begin then asked about whether Sadat would keep his commitment that the Strait of Tiran would be an open international waterway. Sadat replied 'Of course I said so before and I will keep my promise."

Sadat launched into a long and eloquent presentation about how well the Egyptian people had responded to his peace initiative and how they were not interested in hard bargaining with Is-

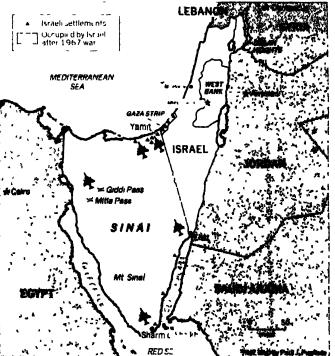
rael He added, "They will never accept an encroachment on their land or sovereignty When Premier Begin says he will keep the Israeli settlements in the Sinai and defend them with force it is an absolute insult to Lgypt I have tried to provide a model of friendship and coexistence for the rest of the Arab world leaders to emulate Instead I have become the object of extreme insult from Israel and scorn and condemnation from the other Arab leaders. The Israeli attitude has worked against other Arabs' being willing to attempt peace with Israel My initiative has come not out of weakness, but out of strength and self-confidence With success at Camp David 1 still dream of a meeting on Mount Sinai of us three leaders representing three nations and three religious beliefs. This is still my prayer to God' This statement obviously came from Sadat's heart

Begin responded well agreeing with the proposal for us to meet on Mount Sinai He then

reminded us that it had also taken courage to invite Sadat to Jeiusalem—the commanding officer of the nation that had launched a sneak attack on Israel only five years earlier in the October War of 1973, killing thousands of Israeli troops. The hospitality with which Sadat had been received by the people of Israel showed the depth of their desire for peace. Begin said

Now Begin went on it was important that the few Israeli settlers in the Sinai be accepted by the Egyptian people as no threat to them and as no encroachment on their sovereignty. There were little more than 2 000 Israelis in the 13 Sinai settlements. Removal of these settlements would not be acceptable to Israel Sadat could if he wished, convince his people to accept them as permanent residents. Thus there seemed an absolute deadlock on the Sinai settlements. Sadat announced angrily that a stalemate had been reached. He saw no reason for the discussions to continue. As far as he was concerned, they were over Sadat then ignored Begin, stood up and looked at me.

I was desperate, and quickly outlined the areas of agreement and the adverse consequences to both men if the peace effort foundered at this point. I emphasized the U.S. role in the Middle East and reminded them that a new war in this troubled region under present conditions could easily escalate into world war. I asked them to give me at least one more day to understand as best I could their positions, to devise my own compromise pro-



SPECIAL SECTION

posals and to present my views to both of them. I pointed out to Begin that if the only cause for his rejection of the peace effort was the Sinai settlers, I did not believe the people of his nation or the parliament, the Knesset, would agree It was my belief that if he would get the settlers to leave Egyptian territory he could sell this action to his people.

He disputed this, saying that there was no way he could sell a dismantling of the settlements (He always said "dismantling," though we pointed out to him that the buildings need not be destroyed after the Israelis left) To move the settlers would mean the downfall of his government—an outcome he was willing to accept if he believed in the cause But he did not believe in it

They were moving toward the door, but I got in front of them to block the way I urged them not to break off their talks to give me another chance to use my influence and analysis, to have confidence in me Begin agreed readily I looked straight at Sadat, finally, he nodded They left without speaking to each other

I asked Sadat to let me meet that evening with the Egyptian delegation. I opened the discussion "I know you are all very discouraged right now. The issue we addressed today was the Israeli settlements in the Sinai, which may be the most difficult one of all. Our position is that they are illegal and should be removed. On this, your views and ours are the same."

Sadat replied "That man Begin is not saying anything today that he might not have said prior to my Jerusalem initiative I am willing to have open borders, work on other issues and bring in other Arabs The man is obsessed Begin haggles over every word, and is making his withdrawal conditional on keeping land Begin is not ready for peace"

I said, "Mr President, Begin is a tough and honest man In the past he has been quite hawkish. He has been quite forthcoming, compared to the leaders of Israel who preceded him. His present control over the Sinai was derived from wars that Israel did not start. That is Begin's perspective. On the settlements, Begin sincerely wants them to continue. One of his goals is to iso-

late Gaza from the Sinai, with the settlements as a buffer Since you have now promised not to let major military forces go beyond the Sinai passes to threaten Israel, there is no longer a legitimate reason for him to maintain the settlements. We do not agree with him and he knows it, but so far he persists. It is painful for him to change his position. On the airfields, the Israelis want some arrangement for transitional control, and I believe this should be worked out. I myself will try to devise an acceptable formula for the West Bank."

Sadat said, "I am willing to give them two years to phase out the settlements' I replied, "You must be more flexible on the exact time—two or three years Sadat 'Okay"

As we prepared to adjourn I said, "Stalemate here would just provide an opportunity for the most radical elements to take over in the Middle East. A trial period for the West Bank can work, if we agree on it. If we don't, then Moscow and the radicals will rejoice. You must understand our special commitment to Israel, and the fact that the Israelis do want peace. They have not yet responded adequately to the Sadat peace initiative, but they have offered to leave the Sinai and to give autonomy or self-gov, ernment to the West Bank Arabs, and our hope is that they will stop building settlements in the West Bank and remove them from the Sinai. We simply must find a formula that both Egypt and Israel can accept. If you give me a chance, I don't intend to fail

Day 4: Gloom and foreboding

FRIDAY SEPTEMBER 8 I was up early again that morning to work on formulations that might break the deadlock or at least provide enough incentive to keep both teams in the camp A sense of gloom and foreboding still prevailed Sadat's aides had told Brzezinski they were seriously considering leaving, convinced that Begin would never yield on the settlements



At Aspen Cottage: "All restraint was now gone . . . the niceties were stripped away"

KEEPING FAITH

When Begin arrived, I outlined again the areas of agreement requested flexibility on his part. He complained that the US negotiators were all agreeing with the Egyptian demand that the Sinai settlements be removed, and that this was no way for mediators to act. Then he pulled from his pocket the dog-eared copy of Sadat's demands and began once again to delineate its unacceptable portions. I tried to convince him that this was not the final Egyptian position. Begin said he did not see how honorable men could put forward one thing publicly and a different thing privately.

He then gave another half-hour explanation of why it was imperative that the Sinai settlements be retained pointing out that there were 400,000 people in Gaza who were highly susceptible to subversion and might prove a threat to Israel He stated emphatically, "I will never personally recommend that the settlements in the Sinai be dismantled!" He added, 'Please, Mr President, do not make this a US demand."

I noted with great interest, but without comment, the change in his words "Never personally recommend" did not mean that we would never permit the settlements to be removed. The change was subtle but extremely significant. If others in Israel could be made to assume the onus for the decision, then, finally, there was at least a possibility for resolving this issue.

I stated that I absolutely disagreed with him about the settlements now that Sadat had agreed there would be no attack forces in the Sinai Instead, there would be 130 km of demilitarized desert between Egypt and Israel I emphasized that there were no reasons for the settlements to exist after a peace agreement, and that they would be a source of more aggravation and dissension than of peace and security

Begin implored "Mr President, do not put this in a proposal to us 'I responded, 'Mr Prime Minister, we cannot avoid addressing the most contentious issues, and this is the one on which the entire Camp David talks have foundered so fai I cannot let Sadat tell me not to discuss Israeli security on the West Bank I cannot let you tell me not to discuss the Israeli presence on Egyptian territory'

I asked him bluntly if he objected to our producing a US proposal at all. He answered that he did indeed object, that it was a bad idea. This was a belated admission of an attitude that had become apparent to us all. Begin said that any US plan would become the focal point of dissension and disagreement after we adjourned from Camp David, and that there was no likelihood of its being accepted by either the Israelis or the Arabs Those who would disagree with individual parts of the proposal would take out their displeasure on the US, which might turn the entire Arab world against us

I told him I was prepared to face this, the alternative was a deterioration that might lead to a war involving the security of my own country Political considerations—even the loss of some friendships—were not my paramount concern I reminded him that Sadat had urged me to be a full partner and that I saw no possibility of progress if the US should withdraw and leave the negotiations to the Egyptians and Israelis, who did not trust each other and often admitted an absence of even mutual respect I noted that when Sadat had arrived at Camp David, the first analysis he had made was that Begin did not want a peace agreement and only wanted land Begin replied, "Both of those claims are false"

I said, "I realize that, but that is the way the Egyptians feel This atmosphere between the two of you is not conducive to any agreement. We are going to present a comprehensive proposal for peace. It will not surprise either you or Sadat. When it is finhed tomorrow, I will present it to you first, and then to the Egyptians. I can see no other possibility for progress."

Day 5: Fatigue was taking its toll

SATURDAY, SEPTEMBER 9 I spent almost the entire day working on the comprehensive proposal, consulting very closely with other members of the American team. There were more

than 50 distinct issues to be resolved I was not getting much sleep, and fatigue was taking its toll I knew that Sadat and I could come up with a reasonable agreement that a majority of Israelis would gladly accept My major task was to convince Begin In a way, I understood his dilemma. He was the one who was being pressured to change the private and public commitments of a lifetime.

The only thing that would succeed was a proposal that was patently fair, that did not violate Sadat's broad principles and that we could sell to the other Israelis From daybreak Saturday, the entire American delegation bent to this task, and shortly after midnight the document was ready to be put into final form

Day 6: Begin was angry, and so was I

SUNDAY SLPTLMBER 10 Late in the afternoon, we met with the Israelis Vice President Walter Mondale, Vance, Brzezinski, Dayan, Weizman and Barak joined Begin and me I knew this would be a crucial session

I began by trying to assure the Israelis that the document was a balanced one "Sadat is willing to continue negotiations toward a final peace treaty even if King Hussein is not, but Sadat received a message today from Hussein saying he would be willing to join the agreement if he finds it acceptable. In any case, it is important to remember that an agreement between Israel and Egypt would preclude any successful attack against your country by other Arab countries. Without Egypt, they could not successfully challenge you. This document will be given tonight to Sadat I hope you will be flexible and minimize any proposed changes."

After everybody had read the document, Begin said "Sadat's original proposal and this one may decide the future of the people of Israel There are positive elements in it, there are also some that could cause grave peril to our people" I pressed forward hurriedly "This document avoids the difficult issue of total withdrawal from the West Bank it gives you guaranteed access to the Strait of Tiran and through the Suez, freedom of movement of people across the borders, an undivided Jerusalem, an end to the boycott on trade and commerce, and a guarantee against the deployment of any Egyptian attack forces in the Sinai beyond the Mitla and Giddi passes There are some more things I want for Israel, and may be able to get, including full diplomatic recognition and the exchange of ambassadors between you and Egypt"

We then had a heated discussion about the language in Resolution 242—"inadmissibility of the acquisition of territory by war" Begin insisted again that this formulation was unacceptable. He was angry, and so was I I replied, 'Do you reject Resolution 242? Your definition of its meaning is biased. To delete it would mean that we have no basis for negotiation. What you say convinces me that Sadat was right—what you want is land." Begin retorted, 'The problem of security also involves territory. We are willing to return Sinai for the time being we are conceding our legitimate claims of sovereignty over Judea. Samaria and Gaza."

The same Americans and Israelis met again in the evening We sat down at 9.35 p.m. We were still arguing at 3 a m.

Begin said, "Parts of the document are deeply appreciated and positive—a beautiful number [paragraph] on Jerusalem We appreciate your efforts, but we have a proposal for some changes" Barak began, paragraph by paragraph The first proposals were to delete all references to Resolution 242

I interrupted "This is not the time to beat around the bush If you had openly disavowed Resolution 242, I would not have invited you to Camp David or called this meeting Israel has repeatedly endorsed 242 but now you are not willing to respect the language If you don't espouse 242, it is a terrible blow to peace"

A serious problem developed when we got to the part about autonomy for the Palestinians (or "full autonomy," to use Begin's phrase) As the Israelis proposed alternative language, it became clear that they did not want to give West Bank and

SPECIAL SECTION

I declared 'What you want to do is make the West Bank part of Israel Vance added, 'The whole idea is to let the people govern themselves You are retaining a veto' Begin responded 'We want to keep the right to do so—but we don't intend to do so I said 'No self-respecting Arab would accept this It looks

Gaza residents any appreciable control over their own affairs

so I said. No self-respecting Arab would accept this It looks like a subterfuge. We are talking about full autonomy—self-control. You are not giving them autonomy if you have to approve their laws exercise a veto over their decisions and maintain a military governor. If I were an Arab. I would prefer the present Israeli occupation to this proposal.

We finally adjourned and I asked Dayan to walk with me to my cottage. He was competent and levelheaded. I felt that if either he or Weizman were heading the delegation, we would already have reached agreement (although it was Begin's proposal on the Sinai that had helped to bring us to Camp David).

I told Dayan that I considered Begin to be unreasonable and an obstacle to progress and was beginning to have doubts about his genuine commitment to an agreement and a peace treaty. I outlined the moves Sadat had made to be forthcoming and his private assurances to me concerning additional flexibility-provided a few crucial points were honored. I asked Dayan to help me within the Israeli delegation on these few issues. Dayan understood my problem but was convinced that Begin did want an agreement. He said that the issue of the settlements was the most difficult for Begin. He asked me to try to induce Sadat to let the title to the Sinai settlements be transferred to Egypt but allow the Israelis to continue to live there for a limited time just as they would be permitted to live in Cairo of Alexandria. I promised to bring this matter up with Sadat but did not think there was any chance for success he would consider it a violation of Egyptian sovereignty

Daybreak was approaching but it was still dark as Dayan turned to leave. He had difficulty seeing the trees between him and the path, and when he walked into one of them. I was reminded of how seriously his eyesight was impaired. My heart went out to him.

Day 7: Jerusalem was the no-win issue

MONDAY SI PTI MBI R 11 Though I got up early to incorporate into our proposal the Israeli changes with which we agreed a final typed version was not ready when Sadat arrived alone, at Aspen. We discussed the Sinai negotiations while we waited Sadat was not willing to let any of the [Israeli] airfields remain on his land, and he immediately rejected the idea of Egyptian title to the Sinai settlements while Israelis continued to live in them

When I asked him if he would permit Jews from any nation, including Israel to live in Cairo of in Aswan he replied 'Of course. I pointed out to him that in that case it was not logical to exclude them from the Sinai settlements. Sadat said 'Some things in the Middle East are not logical or reasonable. For Egypt, this is one of them. He was firm—they would have to leave. He wanted the withdrawal of all Israelis from the Sinai to be completed within two years. I preferred three to accommodate Israeli needs, and he agreed.

The retyped proposal arrived, and Sadat read it aloud, pausing occasionally to comment of to suggest a change. One came as a surprise, he made a new demand that Egyptian and Jordanian armed forces be allowed in the West Bank and Gaza. I objected strongly. Then we discussed Jerusalem, which everyone at Camp David recognized as the no-win issue. It was charged with emotion Begin knew he represented Jews all over the world, and Sadat knew that in a way he was speaking for more than 500 million Muslims. I tried to convince Sadat that he would be better off not trying to solve this problem at Camp David. No matter what kind of compromise might emerge he would be severely criticized by radicals of all persuasions, he should let King Hussein and others share the responsibility for any agreement concerning the Holy City. He did not comment

Sadat said that he and his advisers would go over the paper

in detail I was pleased Except for the very serious question of Arab armed forces in the occupied territories, the changes he had suggested were quite modest. However, we were certain that his advisers would have many technical proposals. Vance told me that they had a reputation of being the most contentious of all Arabs in international negotiations.

Day 8: "I will not sign"

IUESDAY SEPTEMBER 12 Early that morning, I went for a long bicycle ride and as I returned to my cottage. I observed a heated discussion between the Egyptian President and his principal advisers on his front porch. This was most unusual, and worried me. Sadat arrived for our visit five minutes late. He seemed very troubled. I made a few innocuous remarks, but he did not appear to be listening. I immediately felt that he had come to tell me the Camp David negotiations were over

It was apparent he said, that Israel was not going to negotiate in good faith and had no intention of signing an agreement As we of the US struggled to deal with Israeli demands in quest of the clusive peace settlement we were putting forward proposals that would alienate the Arab world Such an outcome would also drive a wedge between Fgypt and the US in spite of his and my best efforts

He seemed especially worried about the Saudi teaction and I promised to invite Crown Prince Fahd to Washington to go over our agreement with him. This assurance only partially alleviated his concern. I reminded him that he had already crossed the bridge of Arab condemnation when he had gone to Jerusalem. I said that this had been one of the bravest acts of a political leader in my lifetime. My comments seemed effective, and Sadat soon departed, still very troubled but without having delivered to me the fatal message of failure and departure.

I worked that afternoon on the terms for an I gyptian-Israeli treaty and spread the Sinai maps out on the dining table to begin this task writing the proposed agreement on a yellow scratch pad. Within three hours I had finished and walked over to Sadat's cottage to go over the draft with him. I began to read it aloud, but he reached for the pad read it made two changes that would make it more pleasing to Israel and handed it back. It's all right,' he said. Our meeting had lasted less than 20 minutes.

I ate with the Isiaelis in the dining hall and during the meal Begin said he wanted to see me as soon as possible for the most serious talk we had ever had. He came to my cottage at about 8 pm. Then he went into an impassioned speech about the use of Resolution 242 language in the text of our Camp David agreement. He said. 'Israel cannot agree under any circumstances to a document which includes this phrase I 'inadmissibility of acquisition of territory by war. I, and I will not sign it.

As he spent another hour talking about the settlements in the Sinai, he became very emotional Once he mentioned Jerusalem, and quoted to me the Bible verse from Psalms, 'If I forget thee, O Jerusalem let my right hand forget her cunning' After that he repeatedly said 'Better my right hand should lose its cunning than I should sign such a document!"

Near the end, he pulled from his pocket a brief typed statement and read it to me. It stated that we had met at Camp David and that Israel and Egypt appreciated the invitation they had received from the U.S. As an alternative to this statement, he said, we could list the items on which there was agreement and those on which we could not agree, and issue these lists as proof of the progress we had made. He claimed that he sincerely wished he could sign my proposal, but the will of the Israeli people must be represented by him as their Prime Minister.

I pointed out that I had seen public opinion polls every two or three weeks in which a substantial majority of the Israeli people were willing to accept a peace treaty with an end to the settlements, the removal of Israeli settlers from the Sinai and the yielding of substantial portions of the West Bank I was distressed by his attitude and, perhaps ill-advisedly, said that my position represented the Israeli people better than his

KEEPING FAITH

It was a heated discussion unpleasant and repetitive I stood of for him to leave, and accused him of being willing to give up beace with his only formidable enemy free trade and diplomatic recognition from Egypt unimpeded access to international waterways. Arab acceptance of an undivided Jerusalem permanent security for Israel and the approbation of the world—all just to keep a few illegal settlers on Egyptian land

Day 9: Never again a divided city

WEDNESDAY SEPTEMBER 13 I decided to concentrate on a new framework draft and to work directly with Ahaton Barak and Egyptian Under Secretary for Foreign Affairs Osama el-Baz Barak seemed to have Begin's trust and el-Baz the most militant of the Egyptians could speak accurately for the Arab position If el-Baz agreed to something, the other Egyptian aides would go along, and I could always override him if necessary by going directly to Sadat. At the same time, I could depend on Bazk to influence Begin. Both Barak and el-Baz were brilliant draftsmen fluent in English and they understood the nuances of the difficult phrases with which we had to work. Vance stayed with me during these long sessions, and the four of us made painstaking but steady progress on the main document.

Many of the suggestions Vance and I had expected to be opposed were accepted immediately by Barak and el-Baz and few of these were ever again questioned by their superiors. We did a lot of work on the Jerusalem paragraph. It referred to Jerusalem as the city of peace, holy to Judaism. Christianity and Islam and stated that all persons would have free access to it free exercise of worship and the right to visit and travel to the holy places without distinction of discrimination. We agreed that Jerusalem would never again be a divided city that the holy places of each faith should be under the administration and full authority of their representatives, that a municipal council drawn from the inhabitants should supervise essential functions in the city and so forth. Both Begin and Sadat approved the text lof the paragraph.

Some differences could not be resolved. Barak refused to discuss the Israeli settlements at all saying that it was a subject only Begin could address. FI-Baz backed by Sadat refused to include a commitment to open borders and full diplomatic recognition. I went to bed late tired but pleased. Sadat was staying the Israelis were being more helpful, and we had a good new plan for a Sinai agreement leading to a peace treaty. But I could not sleep. This is a rare problem for me, even during times of deep worry. I have little trouble sleeping well. I was worrying about Sadat and whether he was safe. We were dealing with some extremely emotional subjects for the Arabs, and it was obvious that some of his more militant advisers were deeply committed to the goals of the PLO and other radical groups. Sadat was making decisions with which they strongly disagreed.

I could not forget the heated discussion I had observed on Sadat's porch. I remembered that earlier in the night Sadat's views on whether Israel could make decisions on Palestinian refugees coming into the West Bank had been directly misrepresented by one of his key advisers. The adviser professed to speak for Egypt but had not even discussed the issue with his President, and I recalled that earlier that evening when I had wanted to see Sadat his aides told me that he had retired early and could not be distuibed. In the middle of the night, about 4 am, I got up, talked to the Secret Service agents and to Bizezinski and directed that surity around Sadat's cottage be strengthened and kept alert 'Liter my concerns seemed groundless, but at the same time, I was greatly relieved to see Sadat in good shape the next day

Day 10: This impasse would be the end

THURSDAY SEPTEMBER 14 Dayan and Weizman came by and soon it all boiled down to the settlements. In desperation I promised to draft language allowing this issue to be left open for

future resolution without preconditions for at least three months. Thus the question might be timessed with Sadat. No luck. When I showed my new draft to Sadat, he stated that there were preconditions one being the airfields, the other the settlements and that he would negotiate on when they would be withdrawn not if

This impasse would be the end of our effort for peace. I could not think of any way to resolve this fundamental difference. We began to make plans to terminate the negotiations. That evening I began to list the differences between the two nations, and was heartbroken to see how relatively insignificant they really were, compared to the great advantages of peace. I sat on the back terrace late into the night, but could think of no way to make further progress. My only decision was that all of us should work to leave C amp David in as positive a mood as possible, taking credit for what we had done, and I resolved to continue our common search for an elusive accord.

Day 11: "Sadat is leaving"

I RIDAY SI PTI MBI R 15 I called the U.S. delegation to Aspen and we discussed how to deal with our failure. I would spend the day getting proposals from Sadat and Begin, so that I could summarize the differences and prepare the final document on Saturday. On Sunday we would adjourn and issue a joint communique.

Vance burst in His face was white and he announced. Sadat is leaving. He and his aides are already packed. He asked me to order him a helicopter!

It was a terrible moment. Now even my hopes for a harmonious departure were gone. I sat quietly and assessed the significance of this development—a rupture between Sadat and me and its consequences for my country and for the Middle I ast power balance. I envisioned the ultimate alliance of most of the Arab nations to the Soviet Union perhaps joined by F gypt after a few months. I told Vance that the best thing for us to do now would be to refuse to sign any document, just to terminate the talks and announce that we had all done our best and failed

I remained alone in the little study where most of the negotiations had taken place. I looked out to the Catoctin Mountains and prayed fervently that somehow we could find peace. Then I changed into more formal clothes before going to see Sadat. He was on his porch with five or six of his ministers. Vance and Defense Secretary Harold Brown were there to tell them goodbye.

I nodded to them and walked into the cabin. Sadat followed I explained the extremely serious consequences of his unitaterally breaking off the negotiations, that his action would harm the relationship between Egypt and the U.S., that he would be violating his personal promise to me that the onus for failure would be on him. He was adamant but I was dead serious, and he knew it. I had never been more serious in my life. I repeated some of the arguments. He would be publicly repudiating some of his own commitments, damaging his reputation as the world's foremost peacemaker and admitting the fruitlessness of his celebrated visit to Jerusalem. His worst enemies in the Arab world would be proven right in their claims that he had made a foolish mistake. I told Sadat that he simply had to stick with me for another day or two after which, if circumstances did not improve all of us simultaneously would take the action he was now planning.

He explained the reason for his decision to leave. Dayan had told him the Israelis would not sign any agreements. This made Sadat furious. He had accused Dayan of wasting our time by coming to Camp Dayid in the first place. His own advisers had pointed out the danger in his signing an agreement with the U.S. alone [on the basic principles on which a Middle East peace should be based]. Later if direct discussions were ever resumed with the Israelis, they could say. The Egyptians have already agreed to all these points. Now we will use what they have signed as the original basis for all future negotiations.

It was a telling argument I told him that we would have a complete understanding that if any nation rejected any part of the agreements, none of the proposals would stay in effect. Sadat

SPECIAL SECTION

stood silently for a long time. Then he looked at me and said. If you give me this statement, I will stick with you to the end."

Those were sweet words to hear I went back to Aspen and told Rosalynn Fritz Cy, Harold and Zbig that everything was all right I described my conversation with Sadat and we went back to work. It had been a bad time

Day 12: Breakthrough!

SATURDAY SEPTEMBIR 16 When Sadat and el-Baz came to meet with me and Cy in the afternoon we reviewed the Sinai proposal and found no significant disagreement except over the Israeli settlements—and no disagreement at all between myself and Sadat

On the comprehensive framework, we were also very close. In referring to the Palestinians' authority on the West Bank. I agreed to find a synonym for self-government for the Palestinians' (Sadat thought it sounded too much like Begin's "self-rule" and eventually I came up with how the Palestinians shall govern themselves.) With great pressure I induced him to accept the language we had evolved on Jerusalem, provided there would be an exchange of letters reconfirming the historic U.S. position that East Jerusalem was part of the West Bank. Sadat agreed that the Wailing Wall should always be retained exclusively by the Jews.

Begin came with Dayan and Barak for which we were thankful If anyone at Camp David had influence on Begin it was these two men. Begin began talking about the blessed settlements but I insisted that we go through both documents in an orderly fashion paragraph by paragraph. I wanted the Israelis to realize how few differences remained. In an hour we were finished with the Sinai document, and it was obvious to me that Sadat would be willing to accept almost all the Israeli demands for change. The few others were not very important to

Begin, and I felt sure that he would not insist on them

We then moved to the settlements again and Begin insisted that he would negotiate with Sadat on all other items for three months in search of a final peace treaty. If this effort was completely successful, he would submit the settlement withdrawal question to the Knesset. I told him again and again that his proposal was totally unacceptable to Sadat, who insisted on a commitment to remove all Israeli settlers from his territory before any other negotiations could be conducted.

I thought the discussion would never end Begin was shouting words like 'ultimatum, 'excessive demands" and 'political suicide. However, he finally promised to submit to the Knesset within two weeks the question. 'If agreement is reached on all other Sinai issues, will the settlers be withdrawn."

I believed this would be enough for Sadat Breakthrough! We then had a surprisingly amicable discussion about the framework for peace. On Jerusalem I told the Israelis that Sadat wanted a separate exchange of letters so that each nation could make public its own different ideas. On the West Bank settlements we worked out language that no new Israeli settlements would be established after the signing of this framework and that the issue of additional settlements would be resolved during the negotiations. Begin later denied that he had agreed to this and claimed that he had promised to stop building settlements only for a three-month period. My notes are clear—the settlement freeze would continue until all negotiations were completed.

Day 13: A thumbs-up sign

SUNDAY SEPTI MBI R 17 I was eager to meet with Sadat, and he and I quickly went over the proposals for the final language. The few predictable changes that he advocated would I was sure be acceptable to the Israelis. The only serious problem was his desire to delete the entire paragraph on Jerusalem I knew



Signing ceremony at the White House: "We had no idea how far we still had to go"

KEEPING FAITH

that the Israelis wanted the same thing, but I did not tell Sadat I pived this concession in case I needed bargaining points later

When it became apparent that the Jerusalem paragraph remained a potential obstacle to any agreement at all the three negonators decided to delete it Instead all three were to outline their separate views on the status of Jerusalem in letters that would become part of the official record

A serious problem crupted with the Israelis Vance had just shown them a copy of our draft letter that would go to Sadat restating the US position on Jerusalem which had been spelled out officially in UN debates over the years. There was an absolute furor and Begin announced that Israel would not sign any document if we wrote any letter to Lgypt about Jerusalem.

Hamilton Jordan my assistant called to tell me that the Istaeli objections to a Jerusalem letter were extremely serious, the

Israelis were determined to sign no agreement at all. Vance confirmed this and explained that none of the saelis had understood that we dere going to write a letter criticizing Israel for occupying eastern Jerusalem even after we had explained the letter exchange last night. I asked Barak to walk with me to Aspen to go over our proposed letter to find language that might be acceptable. He was as adamant as the other Israelis insisting that the situation was hopeless.

Earlier my secretary Susan Clough had brought me some photographs of Begin Sadat and me They had already been signed by Sadat and Begin had requested that I autograph them for his grandchildren Knowing the trouble we were in with the Israelis Su-In suggested that she go and get the names of the grandchildren so that I could personalize each picture. I did this and walked over to Begin's cabin with them. He was sitting on the front porch very distraught and nervous because the talks had finally broken down at the last minute

I handed him the photographs He looked down and saw that his granddaughter's name was on the

top one. He spoke it aloud then looked at each photograph repeating the name of each grandchild. His lips trembled and tears welled up in his eyes. He told me a little about each child and especially about the one who seemed to be his favorite. We were both emotional as we talked quietly for a few minutes about grandchildren and about war.

Then he asked me to step into his cabin, requesting that everyone else leave. He was quiet, sober, surprisingly friendly. There were no histrionics. He said that the Jerusalem matter was fatal, that he was very sorry but he could not accept our letter to Egypt. I told him I had drafted a new version and submitted it to Dayan and Barak. He had not yet seen it. I suggested he read it, but that there was no way that I could go back on my minimiment to Sadai to exchange letters. Any future talks light depend on his and Sadai's assessment of my integrity, and I could not violate a promise.

I walked back to Aspen, very dejected Sadat was there, dressed to go back to Washington I asked everyone else to leave and told Sadat what was happening We realized that all of us had done our best, but that prospects were dim indeed

Then Begin called He said, referring to the new version l

had shown Dayan and Barak. 'I will accept the letter you have drafted on Jerusalem.' I breathed a sigh of relief, it seemed that the last obstacle had been removed.

I looked up to see Hamilton and White House Press Secretary Jody Powell out on the terrace anxiously peering into my window. When I gave them a thumbs-up sign, they beamed with relief. The tension was broken, and although I was exhausted, it was a pleasure to make decisions about the texts, transportation television appearances for the three of us a signing ceremony at the White House, packing to leave Camp David, and how to keep Begin and Sadat apart until after everything had been put into final form.

Sadat was paying a courtesy call on Begin and later they met me in front of Aspen. We embraced enthusiastically went to the helicopter and flew to the White House. On the way, we talked about the need for action to bring peace to Lebanon, and Begin promised to help us by giving his full support to the government.

in Beirut and doing everything possible to minimize bloodshed

We arrived at the White House at about 10 15 pm and went directly to the Last Room where our signing of the documents and some brief remarks pre-empted the new prime-time TV shows. The Framework for Peace in the Middle Last and the Framework for the Conclusion of a Peace Treaty Between Lgypt and Israel were two major steps forward.

We had no idea how far we still had to go

The distance turned out to be great indeed Though the Knesset approved the Camp David agreement and the removal of Israeli settlements from the Sinai on Sept 28 1978 the detailed provisions of the treaty between Egypt and Israel still had to be drafted and approved by both nations Begin's insistence on starting new settlements in the West Bank contrary to Carter v clear understanding at Camp David endangered the entire peace process. Begin also refused even to set a date for the start of talks to grant a degree of autonomy to inhabitants of the West Bank and Gaza Not until Carter had called Begin once more to

Washington then visited Sadat in Cairo and Begin in Jerusalem were these obstacles overcome. A treaty was signed by Sadat and Begin in Washington on March 26, 1979. Sadat did not live to see his country made whole again. He was assassinated on Oct 6, 1981. Egypt did not regain full control of the Sinai until April 25, 1982, after the Israelis had bulldozed the last of their settlements to complete their withdrawal. The West Bank. Gaza autonomy talks, between Egypt and Israel, which began on May 25, 1979. broke off in February 1982 under the double burden of Israeli intransigence and the refusal of any other Arab leaders to participate.

I ooking back on the four years of my presidency, I realize that I spent more of my time working for possible solutions to the fiddle of Middle East peace than on any other international problem. I have asked myself many times if it was worth the tremendous investment of my time and energy. The answer will depend on the wisdom and dedication of the leaders of the future. Only history will reveal if my hopes and prayers are to be answered or if another round of bloody confrontations will ultimately lead to an international tragedy.



Celebrating the accords: Was it worth it?

SPECIAL SECTION

Oval Office Flashbacks

When Rosalynn was visiting the White House before moving in some of our staff asked the chef and cooks if they thought that they could prepare the kind of meals that we enjoyed in the South and a cook said. Yes, Ma am, we've been fixing that kind of food for the servants for a long time.

Our first movie in the White House was *4ll the President's Men.* I felt strange occupying the same living quarters and position of responsibility as Richard Nixon.

The President of India died and I called Mama to ask her to represent me there. When she answered the phone I asked her what she was doing. She said she was sitting around the house looking for something to do and I said. How would you like to go to India? She said. I dlove to go some day. I said. How about this afternoon? She said. Okay. I ll be ready.

Admiral Hyman Rickover said if I would stick to principle on things like water projects and human rights. I would come out all right. He further commented however, that I may not win re-election in 1980.

Harold Brown reported that during a meeting with Huang Zhen head of the Washington haison office of the People's Republic of China. Huang was particularly critical about our having changed strategic planning from a 2½ war capability to a 1½ war capability. When Harold pointed out that the other war plan had been designed for use against the People's Republic of China, the criticisms were attenuated.

I made some mistakes in dealing with Congress and one that I still regret is weakening and compromising on legislation that first year dealing with some worthless dam projects. Signing this act was accurately interpreted as a sign of weakness on my part, and I regretted it as much as any budget decision I made as President.

On April 20, 1977, I addressed Congress on the energy crisis. At the beginning of my speech, I stated that because of the nature of the subject. I did not expect appliance. This was one time Congress lived up to my expectations.

I received a call from some of the Senate leaders who were closeted with Senator ST Hayakawa. I know he was listening when they asked me if I needed to nieet occasionally with the California semanticist to get his advice on African affairs. I gulped thought for a few seconds and replied. Yes, I really do'hoping God would forgive me.

Mother had recently been to Morocco. She said she smelled all the 21 types of perfume in the palace dressing room where she stayed. King Hassan offered to give her some perfume, and she said. No. She laughed and said. You damn foreigners are all alike. He laughed also and gave her a kiss. I doubt that the King's been called a damn foreigner, before, and I don't know anyone else who could get away with it.

We could not solve the problem of deliberate leaks. After Watergate, it seemed that every subordinate functionary in government wanted to be Deep Throat.

Although I was surrounded by people eager to help me, my most vivid impression of the presidency remains the loneliness in which the most difficult decisions had to be made I prayed a lot – more than ever before in my life

The meeting with the economists was a waste of time. They all expounded their own conflicting theories and seemed unwilling or unable to consider other views or deal in a practical way with the economic problems I was having to face every day.

I had lunch with Fritz Mondale. He thought that my comment concerning whipping Kennedy's ass" in the battle for the presidential nomination was ill-advised. His is kind of a lonely voice. Some of my staff members said it was the best thing for morale around the White House since the Willie Nelson concert.

With the approval of most congressional leaders at the end of March 1980 I was able to sign and send to them a balanced budget for fiscal year 1982. We congratulated each other on this rare achievement.

Jerry Falwell of the Moral Majority lied in Alaska by claiming that he met with me in the Oval Office and that I told him I had to have homosexuals on my staff because there were homosexuals in the US who needed representation in my inner circle. I have never had a private meeting with him. He has never been in the Oval Office. I have never had any such conversation.

I went to Grand Rapids Mich and found out later that I had called it Cedai Rapids. When Gerald Ford went out castigating me for it he shouted to the TV cameras that apparently I didn't even know that Michigan was one of the 48 states.

The demands for defense expenditures comprise a bottomless pit that we can never fill. One of the most serious problems we have is the inclination on the part of our military leaders to seek more money by constantly denigrating America's formidable military capability. This hurts our own country and our al_{\$\frac{1}{2}\$} lies confidence in us and might lead the Soviet rulers to make a suicidal misjudgment based on the chorus of lamentations from the Pentagon and defense contractors that we are weak and impotent

The Superfund Legislation set up a system of insurance premiums collected from the chemical industry to clean up toxic wastes. This new program may prove to be as far-reaching and important as any accomplishment of my Administration.

Although American medical skill is among the best in the world we have an abominable system in this country for the delivery of health care, with gross inequities toward the poor—particularly the working poor—and profiteering by many hospitals and some medical doctors who prey on the vulnerability of the ill

After all the campaigning was over on the night before the election. I was not surprised or shaken when Jody gave me the bad news from Pollster Pat Caddell. It hurt me deeply, but I had already accommodated the disappointment that was to come officially the following day. Even so we did not anticipate the magnitude of our defeat. To lose all but six states and to have our party rejected and the Republicans gain a majority in the Senate were additional embarrassments for me.

Veterans Affairs Administrator Max Cleland came to tell me goodbye. He brought me a plaque with a quote from Thomas Jeffeison. I have the consolation to reflect that during the period of my Administration not a diop of the blood of a single citizen was shed by the sword of war. This is something I shall always cherish.

The Man From Plains Sums It Up

With his book ready for publication Jimmy Carter reviewed his presidency and its aftermath with TIM1 Assistant Managing Editor Ronald Kriss and Midwest Bureau Chief Christopher Ogden who covered the Carter Administration as White House and State Department correspondent The four-hour interview began in his Fod-paneled home-town office just off the main street of Plains Ga and concluded on the sunny back patio of his modest brick

vanch house a few blocks away Afterward Carter went right to work polishing up the mangural lecture he was to present the next day as a professor at I mory University in Atlanta Adjacent to his projected presidential library Emory will operate the Carter Center for Public Policy where as he puts it he hopes to spend the rest of my working days. Excerpts

On the tragedy of Lebanon. I was shocked disturbed and repulsed by the attacks on the Palestinians in Lebanon. The bloodshed was grossly out of proportion to any threat to Is a pale on the northern border.

On a Middle East settlement. It should be compatible with the Camp David accords Israel's withdrawal of her aimed forces and military government from the West Bank and

Gaza some modifications of the 1967 borders to enhance Israel's security, specified Israeli military outposts with demilitarization of the West Bank, a legitimate homeland there for the Palestinians, one hopes with a link to Jordan with all prerogatives of a nation except a military force and an independent foreign policy. The Palestinians deserve full autonomy and an end to human rights violations. I would not say they have a right to an independent state but to a political entity that is an identifiable homeland. The only logical place for it is on the West Bank.

Jerusalem should be undivided, with unimpeded access to the holy places by all worshipers. But Jerusalem is not only part of Israel it is part of the West Bank and is ultimate status should be determined indugh negotiation. If Israel were to annex the West Bank, it would be, in effect, abandoning the Camp David accords and rejecting Resolution 242 as a basis for peace. That would remove any vestige of legitimacy from the Israeli claim that they are searching for a peaceful resolu-

tion This would probably terminate the Israeli-Egyptian Treaty which is predicated on Israel's honoring the basic terms of the Camp David agreement

On Menachem Begin. He is a man of almost unshakable beliefs. He finds it very difficult to change his mind. It was torture for him to agree to remove the settlers from the Sinai. He has a single-minded commitment to annex permanently all



the other occupied territories. He has a tendency to treat the Palestinians with scorn to look down on them almost as subhumans and to rationalize his abusive attitude toward them by categorizing all Palestinians as terrorists.

I do not think Begin has any intention of ever removing the settlements from the West Bank, and that is a very serious mistake for Israel There is no doubt Begin s purpose all the time was to cut a separate deal with Egypt. He disavowed that intention but all his actions, all his words indicated that. Begin was the most recalcitrant of all the Israelis at Camp David. I almost never had a pleasant surprise in my dealings with him.

On Anwar Sadat. I would not even try to deny that I was pro-Sadat. He was completely open, courageous, generous far-sighted. He was willing to ignore details to reach an ultimate goal of peace that was beneficial to him and to Egypt Sometimes I felt he trusted me too much

At one point, Sadat wanted to have all

the permanent members of the Security Council meet in Jerusalem with the Geneva Conference members. It was difficult to dissuade him. I could not see any way to get Mao Tse-tung. Jim Callaghan, Giscard d I staing myself and Brezhnev all to come. It was already too much to get the Palestinians and Syrians to sit at the same table with the Israelis.

Sadat was completely committed to autonomy on the West Bank I never thought he might just want the Sinai

back Not then not now

On Egypt's President Hosni Mubarak. On many occasions Sadat would send Mubarak as a direct emissaty to see me Sometimes Mubarak would deliver a handwritten message in an unsealed envelope Sadat was trying to show me he trusted him I have never detected any inclination in Mubarak to do anything contrary to what Sadat would have done had he survived I think Mubarak has pledged his life and honor to continue the basic Sadat policies

On Jordan's King Hussein. Hussein is personally courageous but an extremely timid man in political matters. That timidity derives almost inevitably from the inherent weakness of Jordan. As a nation, it is a contriv-

ance arbitrarily devised by a few strokes of the pen. Hussein is caught in a nutcracker between Israel on one hand and Iraq and Syria on the other. He has little inherent national wealth so he is dependent on the largesse of Saudi Arabia and others for weapons and economic security. He has a difficult situation governing a weak nation. But he is frustrating because he has not been courageous at times when political courage was needed.

On the Saudis. The Saudis are a force for moderation and stability. They have a real commitment to the West and to the peace process with certain provisos concerning Palestinian rights. I was frustrated that they did not have the confidence to say publicly. I ct us support Sadat and Camp David. We approve of Jordan and the Palestinians negotiating just to see if Isiael is acting in good faith. That has not happened yet.

On the Soviet Union. The Soviets under Brezhnev will seize on every opportunity

TIME, OCTOBER 11, 1982

SPECIAL SECTION

to further the Communist cause 1 was not misled about their ultimate intentions

They are uncertain of themselves, they do not have the calm self-assurance of the Chinese. They have to prove themselves over and over to be equals with our country. They are willing to make great sacrifices for military strength, which is perhaps their only strength.

I am featful President Reagan is not sufficiently sensitive to the consequences of excessively isolating the Soviets We need to give them hope that through negotiation and peaceful competition we can strive for accommodation. If that hope is removed, they might be induced to lash out and use their enormous military capability It would be suicidal but it is a possibility That is why it is so counterproductive for the President to imply that we are militarily inferior to the Soviet Union We are not, but this claim tends to weaken the confidence of our own people, shakes the foundations of our alliances and might induce the Soviets to make a suicidal miscalculation

On Ronald Reagan. I have seen our country suffer from the policies initiated by President Reagan in economics, in foreign policy in some social programs He has undone important accomplishments not only of me and other Democratic Presidents but of his Republican predecessors Reagan and James Watt, his Interior Secretary have tried to undo much of the progress made in environmental quality dating from Abraham Lincoln to Richard Nixon It is grievously damaging. The budget deficits that Reagan will accumulate in four years, while claiming to be a fiscal conservative, exceed the total deficits of all the peacetime years of our history Reaganomics was a fraud but he is a persuasive speaker and the American people bought it

It is hard to think of any nation that has a closer relationship with us now than a year and a half ago, except for two or three countries ruled by right-wing regimes Deteriorating relationships in Latin America, Asia, Europe and Africa all grieve me But I have felt it was better for me not to be constantly criticizing Reagan, so that through experience he would modify his previous radical and erroneous positions My reticence, I think, has been a factor in his ability to turn back to China, to espouse the Camp David accords to honor the terms of SALT II and make other beneficial changes

In some cases he seems to have little concern about the poor, students, the afflicted He has oversupplied the military with funding for the kinds of weapons they have been requesting for 15 or 20 years and other Presidents have refused Not only is it unnecessary it is an improper allocation of priorities The B-1 bomber is a waste of money The densepack MX

missile system seems ridiculous to me I am concerned too that the nonproliferation effort has fairly well been abandoned

It hurt to lose to Ronald Reagan But after the election I tried to make the transition as smooth as possible Later, from my experience in trying to brief him on matters of supreme importance, I was very disturbed at his lack of interest. The issues were the 15 or 20 most important subjects that I as President could possibly pass on to him. His only reaction of substance was to express admiration for the political circumstances in South Korea that let President Park close all the colleges and draft all the demonstrators. That was the only issue on which he came alive.

On relations with his successor. I made one courtesy call at the Oval Office, but my relationship with Reagan is nonexistent I am not asking for an assignment,

"Ronald Reagan seems to have little concern about the poor, students, the afflicted. He has oversupplied the military with funding."

but I think a former President can certainly be helpful I called on Nixon and Ford regularly to help me We briefed them often, possibly more than they actually wanted

What Kissinger Ford and Nixon did in the Middle East, I built upon What they did in China, I built upon What they did with the SALT negotiations, I built upon I did not reject Under Reagan, for the first time in recent history a nonpartisan international effort was set aside That is still disturbing to me

It is a mistake, a sign of weakness for an incumbent to blame problems on his predecessor After a year or so, it may be rubbing the public the wrong way

On the press. Reagan has been treated with kid gloves He has been given the benefit of the doubt, not only during this first year and a half but also during the campaign, when his detrimental policies were never analyzed by the press Reagan's demeanor as an "aw shucks" grandfatherly type appeals to the country and

the press Some of his characteristics, such as his not being familiar with details of issues, even arouse a sense of protection in the press. There was a kind of game by the press to see if there were questions I could not answer. Part of the reason for this challenge was the aura of morality that I had wrapped around myself, and my commitment not to lie. There was a natural inclination by the press to prove this guy is not as clean and moral as he claims.

On being an "outsider." I was not part of the Wall Street business Establishment, the Washington political Establishment or the Hollywood entertainment Establishment I was just not part of the Establishment in any way I was a Southern peanut farmer populist type That was fine with me

But I saw Rosalynn having in the White House an extraordinarily comprehensive series of public events and enter-

tainment Yet the press sometimes criticized her If we had Horowitz, Baryshnikov, Beverly Sills and also had Willie Nelson Rosalynn was stigmatized as some sort of rube who did not really understand the glamour of Washington That aggravated me worse than anything

We were alien in some ways. There were ways I could have reached out. It was not an antagonistic attitude. It is just not part of my personality. I do not condemn the cocktail circuit. It is just not natural for me to be part of it.

On politics. I like politics, but it is not all good The tedium of repetitive public appearances, dashing madly from one community to another, receiving lines, receptions, begging for contributions—none of those things are attractive or enjoyable to me ling with resues and making decisions.

Dealing with issues and making decisions, planning a campaign, the direct relation with voters—those elements of politics I enjoy

On communicating. I am not a great speaker and am sometimes not at ease with large groups I acknowledge those characteristics freely. They have been pointed out to me often enough to convince me I can think on my feet A poll of oldtime. White House correspondents ranked me first in handling press conferences. It is hard to express effectively all sides of a complicated issue, and I tend to do that It is much easier to take one simplistic side of an issue and express it clearly. Reagan does that very well. But there is no way in the long run to avoid the complexity of complex issues.

On Senator Edward Kennedy. No, I do not hate him In many ways, he is a likeable person, but I do not think he is qualified to be President Kennedy is a superb candidate for a nomination because peo-

KEEPING FAITH

ple are intrigued with his looks, wealth speaking ability and family name But with you probe and ask people if they want him in the White House, his support tends to evaporate My guess and hope is that the same thing will happen in 1984. People ask Can the man be trusted to make difficult decisions under pressure with an undergirding of integrity?

In 1980, Kennedy seemed to think if he announced as a candidate I would withdraw Later he could not accept the inevitability of his defeat even after it was mathematically impossible for him to get a majority of the delegates. Those excessive political attacks by Kennedy after he lost contributed a great deal to my loss. What his motivations were I have never understood. If he is the nominee in 1984, Well, I have never voted Republican.

On Vice President Walter Mondale. Fritz disagreed on a few economic decisions I made eliminating some social programs I thought were a waste of money These decisions hurt Fritz, but I never doubted that he was competent, intelligent and loyal to me There is no doubt in my mind that he is plenty tough enough to be President He is not naturally as combative as I am but that is not a sign of weakness

On Secretary of State Cyrus Vance. Cy is a good man and was a fine Secretary. I thought he made a mistake resigning when the Iran rescue mission failed. In my judgment, he should have said. Mr President, I might want to quit later. But I would like to stay two or three months to show my support for you and help tide you over this disappointment. He did not do that But this has never driven a wedge between us.

I have had people tell me that Cy had been so affected by his involvement in the Viet Nam War and his aversion to violence that he may have been overly cautious about the hostage rescue mission. Vance was the strongest dove But the second strongest dove was myself.

I wanted the Secretary of State second only to me to be the spokesman for foreign policy Vance was quite reluctant to fill that role Sometimes I would ask Cy specifically to make a public sometimes controversial statement Often I would watch the evening news to see my Secretary of State, and instead I would see his spokesman, Hodding Carter, on the screen A lot of it was because of his modesty He wanted to do the hard work He is one Cabinet member who

'Mi dealing with Congress. When I was first elected, many congressional leaders, especially in the Senate, were convinced they should have been President instead A substantial number of Democrats had never served

with a Democratic President They looked on the incumbent President as an adversary I had a rough row to hoe from the beginning I also did not give the Congress any goodies to take home, nothing popular, where a Congressman could go home and say "You ought to re-elect me because I voted for the Panama Canal Treaty or because I voted to increase oil prices by deregulation"

There is no doubt I gave Congress too heavy an agenda—twelve or 15 important issues the first year I was in I would have been better off in the public's estimation as well as with Congress if I had narrowed those down to one or two But it would not have been like me to postpone the other 13 because they were controversial I was not the warm, backslapping political friend that some members of Congress would have preferred but I tried to address issues on a professional basis, and they were decided on their merits

On special-interest groups. There is no way for me to express adequately my concern about the detrimental impact of special interests in Washington In many cases members of Congress can be induced to vote against the interests of the country-bought legitimately with political threats on one hand and financial rewards on the other The situation is getting worse You have not only the financial payoffs with contributions and honorariums but a tendency by Congress and the Administration to weaken ethics restraints There are also those right-wing political-action committees that can spend hundreds of thousands to promote or defeat a candidate. Their scruples are sometimes nonexistent

On the Moral Majority. I felt more bitter than I indicated in my book I put them in the same category as Gerald L K Smith

NEXT WEEK

I listened to every proposal, no matter how preposterous, including dropping an atomic bomb on Tehran,' writes Jimmy Carter of his most frustrating experience as President trying to free the American hostages from Iran In the concluding TIME excerpt from Keeping Faith, Carter tells of the fallen Shah's fateful visit to the US, the seizure of the Americans on a day "I will never forget," the tragic failure of the rescue mission in the desert and the 444-day ordeal that ended in freedom for the hostages Carter also tells of those achievements for which he expects historians to give him greater credit than did the US voters who rejected him in 1980 his human rights policy, the treaty yielding control of the Panama Canal, and his efforts to end US dependence on foreign oil

and others who have thrived on disharmony, divisiveness and a narrow interpretation of what Christianity is At times, they were vicious, and there is a growing aversion to their philosophy within the Christian community. It is still a major factor But I had a calm assurance that my relationship with God was not affected adversely by Jerry Falwell's statements.

On Brother Billy. The issue of Billy and his work for the Libyans hurt me Billy is exceptionally independent. He has a mind of his own. If I had told Billy, 'Don't ever talk to the Libyans any more, 'he would have said, 'Jimmy, you go straight to hell I'll talk to whom I choose. You're not my boss.' He would then have proved to me publicly, as Menachem Begin does so well in dealing with the President, that he cannot be told what to do. Billy said the extent of my defeat could not have all been attributable to him. I agree. At the most, it may have cost me one or two percentage points.

On the Democratic Party's future. An approach that would be successful for the Democrats would be a combination of fiscal responsibility and conservatism on one hand and an allocation of priorities to help people develop their own capabilities through education, employment and equal rights on the other. The Democrats could help themselves by unequivocally espousing environmental quality peace, nuclear-arms control and human rights.

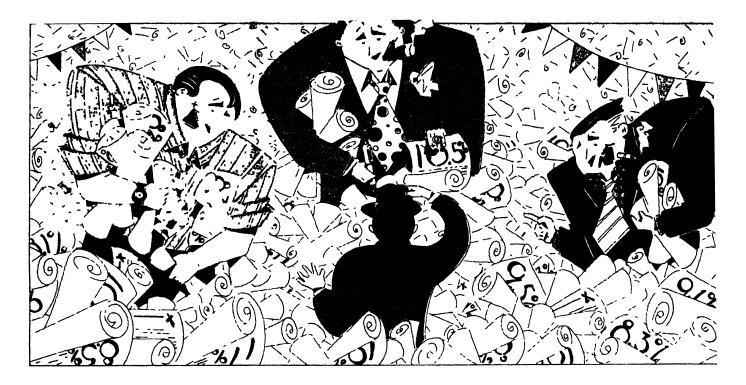
I do not think an ultraliberal on fiscal policy, a person who wants to reinstitute federal regulation of private industry or go back to an overemphasis on social give-away programs, is going to win

On other Democrats. In addition to Fritz Mondale, I like John Glenn very much He is one Democrat along with Mondale who could carry our party to victory in

1984 Gary Hart and Reubin Askew also meet my criteria for potentially successful candidates. Any of these would have an excellent chance to win

On history's verdict. I will be remembered as an incumbent President who was defeated for re-elec-There will always be a thought in the minds of historians that the American people made an accurate judgment I hope people will say that one of the the reasons he was not re-elected is that he addressed difficult issues, that he did not yield to political expediency, that his basic principles were sound and that he was effective in some of the major tasks he undertook-energy, arms control, Alaska lands, the Panama Canal, the Middle East, China relations I hope history will deal kindly with me But I am at peace with the knowledge I did the best I could

TIME, DCTOBER 11 1982 63



Economy & Business

Amid the Money Muddle

Investors are swamped by a deluge of financial choices

hen billions of dollars are at stake even the most reserved of bankers and brokers start chasing after customers. Last week marked the first anniversary of the beginning of the much ballyhooed All Savers program. Thus as some \$31 billion worth of the one-year tax-exempt savings certificates began to come due this month in banks and savings and loan associations around the country it was no surprise that moneymen were in hot pursuit of all that cash

The All Savers program was authorized by Congress in the summer of 1981 as a 15-month stopgap measure to help banks and S and I s attract funds. By last week, as the certificates started to mature, the biggest question in the industry was Where would investors stash their money next? Courted by bankers who are anxious to roll over the All Savers deposits into other bank investments and cajoled by brokers and other financial advisers who are eager to snatch the funds away some 4 million All Savers depositors across the US were bombarded through the week by telephone calls mailgrams, letters containing glossy brochures and full-page newspaper ads Proclaimed the headline of an ad from New York's Manutacturers Hanover Trust "Last year, an All Savers was your smartest investment This year, it's our Market Plus Accounts

The week-long All Savers free-for-all was hardly unique. These days millions of investors are being badgered by conflicting advice from bankers and brokers. That is because sliding interest rates are shaking up the entire investment industry. As the luster has faded from such multibillion-dollar investment lures as moneymarket mutual funds and six-month bank certificates of deposit investment experts have been scrambling to come up with new high-yield alternatives that will appeal to safety-conscious investors.

Besides the standard choices of savings deposits stocks, bonds and mutual funds financial advisers are now nudging clients toward such exotic new fare as zero-ccupon bonds, seven-day bank C D s and brokerage-house deposit certificates With such a variety to choose from even professionals are befuddled Says Gary Strum a vice president at the E F Hutton investment firm. You need an M B A degree to understand what the banks and institutions are offering nowadays.

The confusion is compounded by the uncertainty of the economy itself. Since last spring, short-term interest rates have dropped dramatically, dragging down the yields on everything from money-market funds, which have slipped from 13.7% to a mere 9.7% to six-month bank certificates which have slumped even more,

from 146°, to 97°. But no one can be sure whether the trend will continue and if so for how long

Many economists cautiously prediction that rates will keep dropping on into 198. Yet other experts like Richard Zambel chief economist of the BancOhio Nation al Bank in Columbus expect that the cur tent rapid growth of the US money surply (an annual rate of 148% in the parmonth) will force the Federal Reserv Board to tighten credit Argues Zambel

To prevent a return to double-digit inflation the Fed will have to push interestates sharply higher by year s end '

f interest rates do keep falling investors will almost certainly start drawing down the \$224 billion now on deposi in money-market funds Operated by brokerage houses and mutual fund companies these huge pools of capital investheir shareholders' dollars in such short term securities as bank certificates of deposit and commercial paper a type of iot issued by corporations

By offering high returns, unlimited withdrawals and check-writing privileges, the funds have become the fastes growing form of investment in the US Soon a whole new group of financial players will enter the game. The Governmen has already given banks and S and Ls per

mission to enter the discount stockbrokerage business, and last week Congress passed a bill that will allow the industry to sell money fund-type investments

Yet even as the banks are gearing to move into the business, the plunge an interest rates threatens the growth of the entire money-market fund industry Last month total assets in the funds declined, by some \$2.2 billion. Alarmed by the rising tide of corporate bankruptcies and bank failures, some investors are even beginning to worry about the safety of the funds themselves Unlike bank and S and L deposits of \$100,000 or less, investments in money-market funds are not federally insured Besides being heavily invested in unsecured corporate commercial paper, the funds have also bought billions of dollars' worth of socalled jumbo bank certificates of deposit which often come in denominations of \$1 million or more and thus are not federally insured either

Dean Bender, a Beverly Hills public relations executive expresses a sentiment shared by many a fund investor. Says he "The image of the money funds has been tarnished in my eyes. Because they carry no insurance and interest rates are going down fast. I'm concerned. Two weeks ago. Bender transferred. \$4,200 of the \$26,000 he held in money funds to U.S. Government securities. He plans to continue switching cash as he decides among the myriad investment alternatives.

Brokerage firms concerned that deposits will soon begin flowing out of their own money funds, are teaming up with banks and S and Ls to offer new investments featuring federal deposit insurance easy resale by individual investors and fleady interest rates Dean Witter Reynflids has begun selling so-called EasyCash certificates of deposit, which are federally insured accounts indirectly on deposit at

the City Federal Savings and Loan Association in Elizabeth, NJ By putting a minimum of \$5,000 into an EasyCash CD last week a saver could lock up an interest rate of 12.25% over the next four years. The real advantage, however is that unlike a normal four-year bank deposit an EasyCash certificate can be resold to Dean Witter at any time. The investor does not incur the customary six-month interest penalty he would suffer for a premature withdrawal if he had placed his funds directly on deposit at the bank.

As interest rates have plummeted on bank accounts and money funds the long-depressed stock and bond markets have begun to look more attractive. In August and early September, heavy buying from such institutional investors as pension funds and insurance companies fueled the most spectacular short-term stock rally in Wall Street history. The Dow Jones industrial average rose 148 points, to 925, in three weeks.

ne reason for all the buying is that bargains abound in the market in recent weeks, such blue-chip stocks as Exxon Corp and A F&T have been offering virtually risk-free dividend yields comparable to the interest rates available from the money-market funds themselves But small investors, burned by many false stock rallies in the past, have by and large stayed on the sidelines

Individual investors have also been hesitant to buy long-term corporate bonds because they are reluctant to tie up their money for anywhere from ten to 30 years If they needed to unload such bonds at a time of high interest rates and surging inflation, they could do so only by selling at a steep discount from the purchase price

Brokerage houses have been working overtime to devise short-term investments of, say, one to five years that can match the high double-digit yields available on corporate bonds. Last week Merrill I ynch unveiled its own candidate. High Income Capital Notes. These are securities, backed by corporate bonds which mature in one two or three years. The interest rates last week ranged up to 12% for a three-year note. Says Merrill I ynch Sales. Director Edwin Hall. We think this is what people are looking for as rates on money-market funds decline.

In fact most people are so confused that they are not at all sure what they want Investments that look terrific in a period of declining interest rates could turn sour within a few weeks if rates do an about-face and start rocketing upward again On the other hand, the paralyzed investor could wind up losing as badly if he stands aside and watches in indecision while rates drop stock prices climb and one attractive opportunity after another leaves him behind. In investing as in most things, deciding not to decide is itself a decision, and sometimes the wrong one at that -By Charles Alexander, Reported by Kenneth W. Banta/Chicago and Frederick

Ungeheuer/New York

The Failure Fund

of all the new investment deals being hawked about Wall Street, none is stranger than a mutual fund that was put on the market last week by Merrill Lynch & Co, Inc, the nation's largest brokerage firm Most professional money managers, Merrill Lynch's included, have been sensibly enough urging investors anxious to take a fling in the market to put their money into stocks of blue-chip companies. But Merrill Lynch brokers now have a way to help investors who hate following the crowd and do not mind a risk or two. They can simply buy

shares, at \$10 each, in the firm's new Phoenix Fund The fund will be a collection of securities of 50 to 100 companies that are undervalued but that Merrill Lynch analysts believe stand a good chance of rising phoenix-



like from their ashes if the economy improves

How good a chance? Says Arthur Zeikel, president of Merrill Lynch Asset Management under which the Phoenix Fund will flap its wings "There is a long list of companies whose real prospects are much better than they appear Their depressed prices in many instances simply do not reflect true value or their potential."

Though Meirill Lynch analysts are still winnowing their list of investment choices, likely candidates will be drawn from such depressed industries as housing farming and airlines. Although some money will be invested in firms that are bankrupt most of the fund's anticipated capital of \$100 million is expected to be invested in recession-shaken companies that are still basically sound.

Buying a share in the fund represents in effect a speculative bet that its portfolio will wind up brimming with eventual turnaround stocks. Says Zeikel confidently. We expect to have more winners than losers. Over the years, bankrupt or desperate companies have indeed occasionally revived under new management. Typical of such born-agains is Toys R. Us, which re-emerged from the bankruptcy of its parent. Interstate Stores in 1978 to become one of the fastest growing retailers in the U.S. 1981 sales \$783 million.

Phoenix Fund sales are restricted to investors with a minimum net worth of \$35 000. Aspiring speculators might wind up needing plenty of patience as well. In Greek mythology, the phoenix did burn itself up and another rose from the ashes. But the cycle took at least 500 years.

Economy & Business

Baptism by Political Fire

Though he's a novice, much is expected of Reagan's new adviser

Washington can be harsh, as Economist Martin Feldstein has been finding out Two months ago, Ronald Reagan nominated the highly regarded president of the National Bureau of Economic Research to become chairman of the President's Council of Economic Advisers But at his confirmation hearings Feldstein quickly got a foretaste of what awaits him in the task of giving advice on economic policy to an Administration whose program is under attack

Feldstein handily passed the first hurdle in the confirmation process last week, but during it, in the Banking Committee hearings that precede the Senate vote, he was badgered mercilessly by Committee Democrats eager to embarrass the President His principal nemesis was Donald Riegle of Michigan who hectored Feldstein about everything from his personal wealth to whether. because he didn't know the monthly cost of heating his Belmont, Mass home, he was insensitive about the amount of money that Social Security recipients pay for utilities

Riegle who has a net worth of \$200,000 and owns three homes, including a Michigan vacation condominium, at one point maneuvered Feld-

stein into admitting that his worth approached \$750,000 Riegle brandished a sworn, confidential financial statement signed days earlier by the economist which indicated that Feldstein's net worth was actually \$1.2 million. In prosecuting-attorney fashion, the Senator demanded, 'Do you recognize this document?' Is that your signature?' Feldstein sheepishly admitted that it was In fact the larger figure included a calculation of pension benefits Feldstein cannot collect until age 59 and that he, understandably did not take into account in answering Riegle's questions.

Though the testy interrogation had little if anything to do with his substantive qualifications as an economist, Feldstein 42, took the ordeal good-naturedly Said he afterward. I went into the hearing room knowing that it wouldn't be a social chat. It wasn't particularly pleasant, but nothing about it was overly surprising."

Tough questions from Senators may turn out to be the least of Feldstein's challenges in his new job With the Administration divided over the proper economic course to follow, the new chairman must naturally become actively involved in policy debates. At the same time he must not allow himself to become bogged down in interdepartmental feuding between the Treasury Department and the Office of Management and Budget Affable Leonomist Murray Weidenbaum. Feldstein spiedecessor in the post cast himself in the toles of both arbitrator and peacemaker and found his influence consequently diminished. Feldstein, by contrast, plans to

Economist Martin Feldstein; Inset, Senator Riegie

Economist Martin Feldstein; inset, Senator Riegle
The nominee was badgered mercilessly

be every bit as forceful and direct as the other principals in the Administration's continuing economic debate

Generally considered a free-market economist Feldstein has criticized supply-side extremists who promised that the 1981 tax cuts would trigger sudden growth in the economy. In practical terms he is also keenly concerned about the widening size of the federal budget deficit and favors a cutback in Social Security cost of hing increases as a way to combat it. He also suggests that federal policies have diverted too much of the nation's capital into housing, a stance that brought him opposition from the national homebuilders lobby.

any of the Administration's policy quarrels in coming months will focus on such complex questions as the economic impact of further budget cuts the probable effect of additional tax increases, and even what to do about bringing the runaway growth of Social Security spending under control in all those areas, at least, Feldstein will be right at home

At 42, the Harvard- and Oxford-trained economist is widely regarded as one of the half a dozen or so brightest and most prolific economic analysts in the US. In 1677 the sum total of his work on everything from the effects of unemployment insurance on joblessness to a much discussed study of the economic disincentives to saving contained in current Social Security law won him the John Bates Clark Medal, a commendation that among economists, carries almost as much prestige as the Nobel Prize

Feldstein has already moved to bolster the influence of the CFA and reassert its independence from OMB and the Treasury Even before his confirmation hearings, Feldstein was busy staking out turf for

WALRER GAMMA LIAISON himself in the interdepartmental policy group known as T-1 (for Economic Troika One), which consists of Treasury Secretary Donald Re gan Budget Director David Stockman and the chairman of the (IA In weekly breakfast meetings of the group Feldstein has managed to hold his own in even the most esoteric of budget debates with Stockman who possesses a daunting reputation for his deft handling of twelve-digit numbers. Feldstein's tactic offering historical comparisons backed up with specific statistics a device that Stockman has also used with success in policy disputes Says Freasury Secretary Regan of the meetings Marty gives Dave a run for his money If we re talking

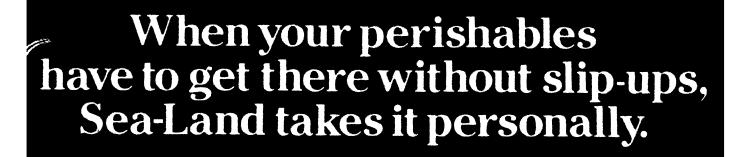
about the rates of real growth

in periods following reces-

sions, Marty has the exac' figures in his head right down to the decimal point

Feldstein's biggest challenge will be winning the ear of the Piesident The backgrounds of the two men—one a Bronx-born intellectual the other an outdoorsy, instinctive Westernet—could not be more different Reagan too has strongly held opinions on economics, and some Administration policymakers have quit because they were unable to influence the President's self-taught views

Lacking any kind of power base in Washington, Feldstein will have to make the most of his analytical skills to win leverage in the Oval Office Said one Administration official last week. Marty is building his inside credibility very quickly " Even so, the hearing rooms of Congress and the back halls of the White House require far different talents from the classrooms and think tanks to which Feldstein is accustomed. He will have to work hard indeed to translate his considerable expertise into concrete achievements --- By Alexander L. Taylor III. Reported by David Beckwith/Washington





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Economy & Business

Sour Note

Wurlitzer's fight to survive

or more than a century the name Wurlitzer has been a household synonym for high-quality musical instruments, from grand pianos to the imposing wood and gold-leaf scroll organs that boomed across sports stadiums and carnival midways. Although the 8,000-pipe "Mighty Wurlitzer at Manhattan's Radio City Music Hall is still in operation the company that built it is struggling for its life victimized by foreign competition high interest rates and a weak economy. Together, these pressures have flattened sales of pianos and organs alike

During the past year, business for the De Kalb III firm has slumped by nearly 16% to \$84.4 million in sales and prospects look grim. Says George Howell a former executive vice president of Inter-



Drgan assembly at Corinth, Miss., plant

national Minerals & Chemical Corp who took over last spring as Wurlitzer's president and chief executive officer. The demand for our products has dropped like a rock and our market has just about disappeared.

High interest rates have been the company's biggest headache. With consumer demand weak, and unsold Wurlitzers gathering dust in warehouses the company has had to borrow heavily to finance its inventories driving up total debt to a current level of \$24.5 million Last autumn the firm defaulted on a restructuring agreement involving \$30 million worth of debt obligations with its major creditor the First National Bank of Chicago Meanwhile Wurlitzer's net worth has shriveled to about \$20 7 million, and bankers worry whether there would be very much to recover if the company were to default again

In a desperate cost-cutting struggle to servive. Wurlitzer has reduced its production schedule and one of its three remaining US plants has been put on the auction block Since March the firm has closed half its 42 company-owned retail outlets around the country, and it is seeking to sell or close the remaining ones in idition, the firm's worldwide

has been slashed by more than 20%, to about 1 400

Pay for Wurlitzer employees has also been shaved Hourly workers get 12% less than they did a year ago, and the salaries of top management have been cut by one-third Says Howell gamely "In the face of the economic consequences, our only response had to be retrenchment But if I had to bet I d bet we'll survive We're now prepared for anything the economy dishes out."

One problem Wurlitzer will face no matter what the economy does is growing competition from low-cost high-quality foreign imports Japanese-made pianos and organs from such manufacturers as Yamaha and Kawai have already captured 25% of the US market, and industry experts expect the share to keep growing

To fight back, the company has introduced a new lower-cost model called the Rudolph Wurlitzer The piano, which has a less intricate and expensive mechanism than the traditional Wurlitzer, retails for below \$2 000 in contrast to \$3,960 for the company s standard models. In June, the company contracted with a Korean piano manufacturer, Young Chang, to design and build grand pianos, which are now for sale in the US under the Wurlitzer label One bright spot is the company's European division, which primarily markets coin-operated jukeboxes and vending machines Revenues have climbed from \$7.2 million in 1975 to \$13.7 million this year

Despite such measures, the company's long-term prospects are anything but secure Unless sales snap back soon, the name Wurlitzer may be fated to start fading from memory, like such once famous brands as the Hudson Hornet and the Atwater-Kent radio

Burger Brawls

Some beefs on the griddle

Which is better, a hamburger cooked on a griddle or one broiled over a flame? The question sounds like a backyard debating topic for a summer afternoon Yet business has been slow of late in the \$35 billion fast-food industry, and last week the issue had burgerdom's three leviathans in a sizzle Tempers flared when the Burger King Corp of Miami the nation's second largest fastfood restaurant chain (3,500 outlets, \$2.3 billion in 1981 sales), launched a provocative \$19 million network television ad blitz designed both to grab off a bite of the market from its larger archrival. McDonald's Corp of Oak Brook, III (1981 sales \$76 billion), and to steal a march on third-ranked Wendy's International Inc of Dublin, Ohio (sales last year \$1.4 billion)

Burger King asserts that unlike Mc-

hamburgers Playing upon this claim, the company's commercials charged that McDonald's burgers are smaller when they hit the griddle and that customers overwhelmingly prefer broiled to fried burgers. In one typical commercial, a shocked, beribboned little girl sits on a bench in front of a Burger King outlet and proclaims "Unbelievable! Luckily I know a perfect way to show McDonald's how I feel I go to Burger King!"

Even before the commercials were broadcast, company officials at McDonald's headquarters showed how they felt by slapping Burger King with a lawsuit in Miami federal court, charging deceptive advertising So-called comparative advertising of consumer products has become increasingly common in recent years, but Burger King's drive was a fast-food first on a national level, and it plainly rankled the industry leader

McDonald's executives were particularly incensed that Burger King's taste



and quality claims were apparently based upon market surveys specifically commissioned by the Miami company. This, they said, made the claims not only suspect but biased and purposely misleading. Besides, charged a McDonald's spokesman, broiling is not all that Burger King does to its burgers, after the meat is flame-cooked, the patties are kept warm in steam cabinets and then reheated in microwave ovens just before serving. The implication if a McDonald's Big Mac is greasy then a Burger King Whopper is soggy.

Meanwhile, Wendy's weighed in with its own beef, claiming in a \$25 million federal suit that Burger King's ads are false and misleading. Wendy's officials contend that their burgers are actually the best tasting of the lot, since they are made from fresh meat whereas both McDonald's and Burger King patties begin with trozen meat. Wendy's has also called for a 'national taste test, among actual hamburger eaters to settle the searing issue once and for all

At week's end lawyers for all three firms were still quarreling in court, the Burger King ads were still running on television, and no one seemed to be developing much of an appetite for a national

-- Medicine

Adopting Orphan Drugs

Congress tries to encourage new remedies for rare diseases

n the summer of 1974 Concert Pianist Sharon Roubeck Dobkin suffered a series of seizures that left her with uncontrollable tremors an inability to use her arms and legs or even hold her head upright. Iwo years and many doctors later Dr Melvin Van Woert of New York City's Mount Sinai Hospital identified the condition that ended her career myoclonus a nervous disorder that affects only 2000 Americans Van Wourt had received a series of grants and special permission from the IDA to treat the disease with the experimental drug 1-5HTP (L5-hydroxy-tryptophan) and Dobkin responded well to it. Within eight months she was able to walk with crutches and a neck brace and begin training for a new career as a medical assistant. Eventually she was well enough to have a child

Her supply of 1-5HTP however was always in jeopardy. No drug company was interested in developing a drug with such a small market. Van Woert had to buy it at a cost of \$2,000 per kg from a biochemical supply house, where it was

available for animal experiments and sift it by hand into capsules. When his grant money ran out. Van Woert could no longer obtain the unapproved substance, not could Dobkin legally do so. Van Woert's patients had to make do with far less effective medications. For Dobkin 29 that meant returning to her wheelchair. When I m on L-5HTP I m very well controlled. I have fewer tremois. I'm stronger she says. Without the medication it is harder to walk. I fatigue easily and can't take care of my baby.

Dobkin is one of millions of Americans who suffer from diseases so rare there is no profit in making drugs to treat them. A pharmaceutical company's investment up to \$80 million for a new drug cannot be recouped if only 100 000 people or fewer need the product. Such diseases and their drug treatments therefore are said to be orphaned. Orphan diseases include cystic fibrosis a deadly hereditary disorder that affects 40 000 Americans. Tourette's syndrome a neurological abnormality characterized by ties and involuntary outbursts of swearing.

(100 000 Americans) Prader-Willi syndrome, a children's ailment that causes huge weight gains and often kills its victims before they are 20 (2 000) Wilson's disease a condition marked by abnormal accumulation of copper in the liver and brain (1 000). Huntington's chorea, the degenerative disease of the mind and nervous system that caused the death of Folk Singer Woody Guthrie (14 000) as well as various rare cancers.

n recent years the plight of orphan-disease victims has begun to capture national attention and stir concern. Beginning in 1980 several dramatic hearings of the House Subcommittee on Health and the Environment raised awareness of the issue with testimony from Marjorie Guthtie the singer's widow. Actor Jack Klug4 man whose TV show Quincy devoted an episode to Tourette's syndrome and researchers like Van Woert. A study by the committee identified 134 drugs to treat orphan diseases but found that only 58 were on the market or even under investigation by drug manufacturers Furthermore more than two-thirds of the orphan products that have been approved by the FDA over the past decade were developed with the help of Government or university funding Says Subcommittee Chairman Henry Waxman That's an

A Life-Saving Lung

S cott Wilson of Boca Raton Fla was "as close to being dead as he could be without being dead," according to Suigeon Frank Veith of Montefiore Medical Center in New York City Wilson, 25, a landscaper and father of four was spraying weeds with the her bicide paraquation Aug 30, when the equipment apparently malfunctioned and he accidentally inhaled the toxic chemical Paraquat lodges in the muscle tissue and

travels in the blood to the lungs where it does continual damage as long as it remains in the body After steadily declining in a Florida hospital Wilson was transferred to Montehore in a final effort to save his life There, doctors continued to remove the poison from his system by filtering his blood through charcoal But it was too late, the paraquat had already done drastic harm to Wilson's lungs His only hope a lung transplant

Since 1963, doctors around the world have attempted 50 such operations (seven of which were performed by Veith at Montefiore), but only in the past few years, with the introduction of cyclosporine, a drug that helps prevent the rejection of foreign tissue have patients survived more than a year. At present the only survivor besides Wilson is another paraquat victim, who had two lungs transplanted in separate operations several weeks ago in Toronto One limiting factor for lung transplants is the lack of suitable donors. Wilson, however, was lucky. The lungs of Thomas Riso, 19, an auto-accident victim who matched Wilson in size and blood type became available. Riso's right lung was infect-

BLENSON - BL. STAR ed with pneumonia, but the left was healthy enough to be trans-ferred It was artificially inflated, drained of blood and filled instead with a cold fluid that kept it at a temperature close to freezing during the 93-min interval between excision and implantation. The entire procedure took six hours and involved five surgeons, three anesthesiologists, two pulmonary specialists and 15 nurses and technicians. At week's end Wilson, though still in critical condition, was awake, responsive and watching television



ations (seven of which Wilson's new lung lies on his chest before Velth, center, implants it

unhappy commentary on industry effort '

To redress the problem, California Democrat Waxman last year proposed legislation that would provide financial in tives to companies undertaking orphan-drug research Last week such bills were overwhelmingly approved by the House and the Senate Under the provisions of the House bill drug companies were to receive a 90% tax credit for expenses incurred in orphan-drug development but the Senate struck this credit and substituted an appropriation of \$9 million

The House measure also called for a seven-year period of exclusive marketing rights for unpatentable orphan products It also provided that in the absence of any alternative treatment orphan drugs would be made available to patients by drug firms during a testing period. A new orphan-products board would be created within the Department of Health and Juman Services to oversee orphan-drug activities

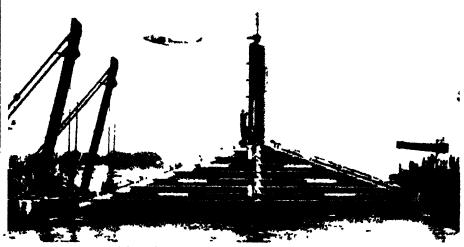
Not everyone is pleased with the legislation. In fact the Administration issued a position paper last week opposing the measure. The statutory creation of an interagency orphan-products board the Administration said was superfluous because an equivalent panel existed within HHS Waxman had already altered the bill to accommodate earlier Administration objections. Both the FDA and the Pharmaceutical Manufacturers Association had opposed a provision in the original bill that would have permitted approval of orphan drugs after one successful human clinical trial. With that provision dropped and other changes made the PMA now supports the bill ♦hough it continues to defend its past record in producing orphan drugs. Some 40 drugs for rare diseases have been marketed since 1970 says Dr George Goldstein of the PM A. He adds. Industry has acted and will continue to act responsibly

Dobkin Van Woeit and others who have spent years lobbying for orphan drugs remain skeptical. In the past year and a half they have witnessed the creation of four orphan-drug commissions by both industry groups and the Government So far they have had little impact on the availability of medications for rare

diseases

The private sector is really interested in developing drugs that make a lot of money orphan drugs by definition do not, observes Dr Sidney Wolfe, director of the Public Citizens Health Research Group, an offshoot of the Ralph Nader organization The drug companies could afford to do orphan drugs and on occason they have, but no amount of tax fedits can deal with this issue. While there is hope for L-5 HIP--Bolar Drugs of Copiague, NY, has agreed to sponsor its testing--Sharon Dobkin still has her doubts 'I'm very pessimistic that I will ever see the drug I need being made --By Claudia Wallis.

Reported by Anne Constable/Washington



Supported by cranes, ARCO's oil-capping pyramid is lowered off Santa Barbara

Environment

Payoff from the Sea Floor

Near Santa Barbara, a test to tap natural oil and gas leaks

Santa Barbara County Calif near a promontory called Coal Oil Point two barges and a tug maneuvered a pyramidshaped contraption into position. Measuring 100 ft by 100 ft across its base and weighing 350 tons the iron monster dangled from two large derricks one of which had been towed from its home base in Malta Once the engineers were satisfied that the pyramid was near the right spot they lowered it by cable adjusted its position and let it settle onto the bottom 220 ft down

The objective of the unique operation is to capture oil and gas from fissures on the ocean floor helping to rid local beaches of a thick gooey carpet of tar that washes up daily. Says County Supervisor William Wallace 'If your dog got loose and went down to the beach it would take you an hour to clean his feet. Still worse the putrid smell of hydrogen sulfide often hangs over the area like vapor from a truckload of rotten eggs. The culprit is not a leaking oil well but nature. The ocean floor is spilling large quantities of oil and natural gas through fissures that geologists call seeps. Says Petroleum Geologist. Robert Gaal of the California State lands commission There are thousands of them down there. It's like a sieve

To tap those natural polluters the Atlantic Richfield Co (ARCO) ordered up two pyramidal traps the first of which was installed a fortnight ago. Placed over an area with a large concentration of seeps, they will sit on the sea floor like upside-down funnels collecting gas and oil The natural gas is siphoned off through a 6-in -wide pipe that runs along the ocean bottom to shore The oil will be stored in

wo and a half miles off the beaches of + tanks within the pyramids and periodically emptied by ships. The project is expected to yield 50 bbl of oil and 600 000 cu ft of gas a day which will not be enough to offset the \$8 million investment made by ARCO and its partners. Mobil and Aminoil USA Inc. The capping operation however will produce other benefits

Geologists believe the secps are bubbling as many as eight tons of hydrocarbons a day to the surface and releasing them into the atmosphere causing much of Santa Barbara's air pollution. Under a : deal struck with state and local governments the oil companies will get an airpollution credit for every two tons of hydrocarbons they eliminate they will be allowed one ton of sulfur- and nitrogenoxide emissions from future drilling in the Santa Barbara Channel The pact should clear the way for developing a nearby well that could produce as many as 4 100 bbl of oil a day. Says ARCO's offshore operations chief Paul Rowley We just couldn't do it without the trade-off

But the project has broader implications Geologists think that oil-oozing seeps around the world may be nourishing marine microorganisms. Says UCIA Geologist Walter Reed Where seepage occurs there are more and larger species of marine life. No one knows what effect capping the seeps might have on the ecological balance. Not does anyone understand fully what causes the seeps although in some places like Santa Barbara they seem to have been created when earthquakes fractured the sea floor letting trapped oil and gas escape. If ARCO's pyramids succeed in capturing these fugitive riches, other oil companies may also initiate trapping projects

Cinema-

Antic Storms, Lopsided Charm

TEX Directed by Tim Hunter, Scieenplay by Charlie Haas and Tim Hunter

n the old days a Walt Disney movie would have concentrated all its considerable sentimental energies on just one of the situations taken up in Tex. That would have been the forced sale (to pay the giocery and utility bills) of Rowdy the horse much beloved by its adolescent title character. But even in small Oklahoma towns the world moves on becomes more complicated, and before this modest intelligent and entirely engaging movie concludes, young Tex has not only come to terms with Rowdy's loss but been introduced to almost all the other perils a youngster must cope with these days

from the acting of its central roles. As Mason. Jim Metzler conveys solidity without stolidity, commonsensicality without priggishness. It is the sort of self-effacing work that often unfairly gets overlooked in the movies. That is especially so when paired with a performance like Matt Dillon's as Tex. He's the kind of youngster who blends the antic and the stormy and makes it come out pure lop-sided charm. No one has more accurately captured the mercurial quality of adolescence than he has with anger rebelliousness gallantry goofiness all tumbled together to create a confused wholly



Dillon and Metzler in Tex: discovering real reptiles in an imagined Eden The Disney studio regains its grip on modern adolescent life

drugs, crime sex class distinctions absent parents. The last of these is not the least of these Tex and his sober conventionally ambitious brother Mason are pretty much on their own in their tumbledown ranch house. Their mother is dead and their father is a rodeo performer who often forgets to send money home to the boys In teen-age fantasies the kind of autonomy they enjoy is widely held to be ideal, and it may be that the largest purpose of the movie faithfully based on one of S E Hinton's popular novels for young people, is to demonstrate to the impressionable that imagined Edens generally turn out to have a rather large and very real reptilian population

The film's grace derives in part from Director Tim Hunter's brisk and unpretentious style an ability to find the values in a scene efficiently nail them down and move on unfussily One would like to call it American classicism, if that phrase did not have such a forbidding ring to it Mostly, however the joy of the film arises

believable vulnerability. When an assistant principal suspends him for loading the typing class's machines with explosive caps, we understand her furious reaction. We can also understand when she uses the occasion to help Tex get a job that may realize his other better self.

Tex compresses a great deal of melodramatic incident into a short span of time and it is hard to escape the feeling that there is more here than any real adolescent may ever have to deal with But that is an afterthought. While the picture is running its casual naturalism its refusal to force any single incident to its dramatic or comic limits its accuracy of tone texture and pitch keep one persuaded and involved. For a studio that has been trying to regain its grip on contemporary reality, for audiences that must by this time be jaded by the noisy and moronic farcicality of adolescent life as most movies portray it, Tex may prove to be a revelation. At the very least it is an expert entertainment ---By Richard Schickel

Legitimate Beef

ENDANGERED SPECIES
Directed by Alan Rudolph
Screenplay by Alan Rudolph
and John Binder

ough being a cow. Since 1969 there have been 10,000 killed and mutilated in the Western states. That is documented Thereafter speculation begins Is this the work of religious cults' Little green men from Mars, Indangered Species opts for paranoia. It is all the product of a right-wing conspiracy that needs livers to test chemical-warfare agents. If you take the sensible view that any plot requiring more than threst people to keep their mouths shut is bound to fail this premise will seem farfetched For hundreds are involved in running the research complex. Nevertheless the picture is stylishly made and suspenseful with the distinct advantage of having JoBeth Williams (the mom in Poltergeist) as a sheriff investigating the killings aided by a burnt-out New York City detective (Robert Urich, IV's Dan-Tanna) She's spunky and believable (and she can make you care about her professional problems her sputtery love life and - almost a crime wave in the bovine population - R.S

Polish Yoke

MOONI IGH FING Directed and Written by Jerzy Skolimowski

when we want to work the common of the camera and one behind

Nowak (Jeremy Irons) is a master electrician from Warsaw, come to London with three laborers to renovate the Kensington home of a wealthy Pole For a month's hard work the laborers will be paid a year's hard currency. The men will toil in isolation separated from their families the outside world and increasingly. Nowak He has decided it must be that way it is December 1981 when, unknown to the three laborers the Polish government has imposed martial law.

Only Nowak speaks English, only he realizes the pressure that must be exerted to finish the job. So he drives the laborers beyond their endurance. He intercepts, calls and news from home "for their oway good. He quarantines them from entertainment, and even from attending church. It takes no Soviet censor to find a political metaphor here. Nowak is the Polish statesman—Gietek or Kania or Jaruzelski—who must act the ruthless boss to satisfy his own ruthless boss. It is difficult, it is wrong, but it must



Irons and fellow workers in Moonlighting

be done to survive. Thus does the liberal turn totalitarian.

Outside the Kensington house is a Britain in social twilight. The sun is setting on this pinchpenny welfare state That follows is a long night of petty anatchy Ironies and animosities collide everywhere on a quiet street a cat defiantly arches its back at a small dog leashed by its owner even as the local lads shout Go back to Poland' at the uncomprehending laborers. At an intersection fenders graze and tempers flare. In a supermarket a woman in a fur coat filches consumer goods the Poles could neither find not afford back home (Her thievery gives Nowak the inspiration for his own shopping scam) A derelict steals Nowak's food and saves him from being apprehended with it London the dowager queen putting her gaudiest remnants on fire sale seems so different from Warsaw But the enforced meanness of its spirit makes the displaced Poles feel almost at

In most message movies the true ideological enemy is nuance. Plot is reduced to polemic characters become walking placards of good or evil emotional shading is obscured by stolid or hammy acting the mise en scene angles each shot like a schoolioom pointer Moonlighting undercuts the genre's stylistic totalitarianism with deadpan comedy, and reveals its message through vignettes, moods, gestures, faces Jeremy Irons' dour, handsome face suggests the first strokes of a political cartoon from an East European underground newspaper Nowak is the story's narrator its star and its sensibility and Skolimowski challenges the viewer both to sympathize with the hopelessness of Nowak's situation and to judge his complicity in it-to be Nowak and to see him clearly Irons, the obsessive puppy of The French Lieutenant's Woman and the genteel twit of Brideshead Revisited, rises to his own new challenge. His performance an anxious, splendidly controlled congeries of intelligence and feeling

In his earlier films (Barrier Hands Up The Shout), Skolimowski has sometimes been too ready to sacrifice social feeling for a quicksilver cinematic intelligence Moonlighting has its share of incongruous images (a flowerpot Nowak discovers in a toilet bowl) and gorgeous ones

(a sweetly comic Degas overtone as one of the laborers reposes in a bathtub) but every shot is there to serve heighten reveal. The mundane and the surreal are one Nowak sees images of his beloved perhaps unfaithful wife Anna in a store window, on TV naked in a cellar apartment. She is the vision-memory of all the hopes and fears he left behind, and brought with him to a strange land. Skolimowski left his native Poland in 1981 now he has turned headlines into a sly, affecting parable of Ordinary Bolshevism. -By Richard Corliss.

No-No

YES, GIORGIO
Directed by Franklin J Schaffner
Screenplay by Norman Steinberg

ell of course Amazing no one's thought of it before Search though one may through the annals of romance it is impossible to find a love to equal that of an opera singer for his throat specialist And if you have him played by Supertenor Luciano Pavarotti and have her (Kathıyn Harrold) played as a capable no-nonsense sort of woman uninterested in opera and unimpressed by its big-kid egos then you have at least, a package you can get produced if not exactly a movie the whole world is waiting for True to the packager's creed les Giorgio has something for everyone whose taste was formed in the 50s lots of cute lovers' spats but no visible sex, a rich range of overlit settings for a parade of Pavarotti's greatest hits plus a funny nun two funny servants and a not-so-funny food fight (in case someone from the Animal House crowd wanders in by mistake) Franklin J Schaffner has directed as if no one let him in on the scam. Poor chap seems to be taking the whole thing seriously. Or maybe he just ran too many old Mario Lanza pictures in preparation for the assignment Still amid prodigies of too carefully calculated (or miscalculated) charm Pavarotti plays with a certain ingratiating diffidence Movies are not where he lives, and he behaves in this one like a mannerly guest puzzled and a bit amused by all the fuss they are going to on his behalf Sings better than Lanza too



Pavarotti and Harrold in Glorgio

Milestones

EXPECTING. Michèle Bennett Duvalier, 31 and Jean Claude (Baby Doc') Duvalier, 31 Haitis dictator and President for Life their first child, in December 1 arly last month Haitis First Lady made a secret piedawn flight to Miami for an amniocentesis test which revealed that Baby Doc's baby is a boy an heir apparent to the Duvalier dynasty

BORN. To Fernando Valenzuela, 21 I os Angeles Dodgers pitching marvel and Linda Valenzuela-Burgos, 21 a former schoolteacher their first child a son in San Pedro Calif Name Fernando Jr Weight 7 lbs 14 oz

BORN. To Larry Holmes, 32 world heavy-weight boxing champion who calls himself the world's baddest heavyweight, and Diane Holmes, 28 their fifth child first son in Laston Pa Name I arry Ji Weight 7 lbs 2 or

DIVORCED. Cybili Shepherd, 32, comely model turned actress-singer and David Ford, 29 maitie d of a Memphis night-club, after four years of marriage on grounds of irreconcilable differences in Memphis Shepherd won custody of the couple's daughter 3 and I ord was awarded a \$15,000 divorce settlement

DIED. Valerie Bettis, 62 mesmerizing modern dancer and dynamic unconventional choreographer of a heart attack in New York City. The first modern dancer to choreograph for a major ballet company (Virginia Sampler in 1947 for the Ballet Russe de Monte Carlo) she also worked for Broadway and Hollywood bringing back to the dance a concept of total theater—the combined use of singing dancing and acting in such ballets as As I Lay Dying based on William Faulkner's novel, and A Streetcar Named Desire a scorching version of Tennessee Williams play

DIED. Monty Stratton, 70 aw shucks Texas farm boy who inspired *The Stratton Stor*), a bathetic Hollywood biography starring James Stewart as the White Sox pitching ace whose career seemingly ended when his leg was amputated after a hunting accident in 1938 but who strapped on an artificial limb and returned eight years later as a winning minor-league pitcher, of lung cancer in Greenville Texas When the film debuted in 1949 Stratton drawled. It s my life, all right I'll just hope folks will think it was worth making into a movie

DIED. Paul Kollsman, 82 German-born action nautical engineer whose fertile imagination earned him patents for hundreds of inventions most notably for the Kollsman altimeter which revolutionized aviation in 1928 by using the barometric pressure to calculate with still unmatched accuracy the altitude of an aircraft thereby enabling pilots to fly blind, in Los Angeles

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She is as ambitious as codetush, as headstrong as her childhood celluloid idol Scarlett O Hara And when Governor John Y. Brown, 48 swept Phyllis George, 33 off her feet he seemed as dashing and roguishly gallant as Rhett Butler But now any similarity between Butler that blockaderunning profiteer and Brown is frankly causing the Governor to give a damn Over the past few years, the former owner of Kentucky Fried Chicken has



The Governor and his lady

apparently been withdrawing sacks of hundred dollar bills from his account at a bank in Miami, not far from his vacation home. His total haul. \$1.3 million. A grand jury is now investigating whether the bank violated a federal requirement that all cash withdrawals above. \$10.000 be reported to the IRS. It was his money of course, and Brown explains that the poor old Governor has a fairly expensive wife.

After reviewing Vicki Morgan's tawdry yet strangely pathetic accounts of Alfred Boomingdale's sexual deprayJudge Christian E Markey
Jr last week dismissed most of her multimillion-dollar palimony suit, asserting that the relationship between the millionaire and her was "no more than that of a wealthy, older, married paramour and a

young well-paid mistress Whether or not she was more than a mistress he appears to have been the master During sworn pretrial testimony Moigan claimed that Bloomingdale would bind several women with his neckties, beat them with a belt and stand there and watch the girls get on the floor and crawl he d have these girls crawl on the floor and he d sit on their back and drool okay? The judge also dismissed Morgan's \$5 million claim against Betsy Bloomingdale. Morgan's attorney will probably appeal. It really is an ugly mess said Moigan more than anyone will ever know

He won fame on IVs Kung Fu as the ascetic Shaolin priest who only used his prodigious powers in self-defense But David Carradine, 41 is now trying to block the release of his latest martial-arts movie Lone Wolf with a well-aimed legal kick to its producers fiscal throat. Carradine agreed to play the heavy in the film on condition that 1) he would not kill the woman in this case sultry almond-eyed Barbara Carrera 2) he would not die and 3) he would not get licked in hand-to-hand combat with the film's good guy, the bearded karate-flick regular Chuck Norris, 40 But after the final editing he was chopped down by Norris So he sued to protect his reputation as a man possessed of boundless courage and physically and spiri-



Toting a balancing pole, Petit strolls toward St. John the Divine

tually indomitable. Does he not know the teaching of Confucius. He who speaks without modesty will find it difficult to make his words good.

There can be no higher calling even for an aerialist To celebrate the resumption (after 41 years) of construction on the world's largest Gothic cathedral St. John the Divine that soaring seraph of acrobats

Philippe Petit, 33 tiptoed to the church across a 250-ft wire slung 15 stories above Manhattan. The inspiration notes Dean James Parks Morton, came from an 18th century painting by Guardi depicting circus performers outside San Marco in Venice. Having an aerialist perfoim says Morton is proof of faith like nothing else. And he has that on the loftiest authority.





Norris and Carradine alive and kicking over Carrera in Lone Wolf

Destiny Rides Again

Soprano Leona Mitchell's career goes boom at the Met

A s the gold curtain rises on Verdis La Forza del Destino at the Metropolitan Opera this season it does more than unveil the first act set it also reveals a bright new star in rapid ascent. As I eonora. Soprano Leona Mitchell, 34 sings with smoldering intensity Fach performance mingles sweet lyricism with raw-edged emotion that brings audiences to their feet, shouting bravas and tossing bou-

quets From a dutiful but passionate daughter to the pathetic penitent recluse at the end of the opera Mitchell recalls Leontyne Price in the quality and dramatic power of her performance Not bad for a girl from Oklahoma who didn't see her first opera until she was actually in it Perhaps there really is such a thing as the force of destiny

Mitchell's triumph has come just in time. In any generation, the number of sopranos who can superbly handle the most demanding dramatic roles in the Italian repertory (Verdi s Leonora or Aida, Puccini s Tosca or Madama Butterfly) is always small these days it is minuscule Montserrat Caballe, 49 has the right combination of fire and ice to make for a memorable Tosca, for example but she often cancels performances Price, 55, still makes occasional forays into what was once her strongest territory but she wisely no longer sings as frequently as she once did Enter Mitchell with the vocal cords dramatic temperament and most important unbounded potential to resuscitate an ailing repertory

She almost missed her cue The fifth and last daughter in a family of 15 children she grew up in Enid Okla (pop 50 363), a town 65 miles Mitchell as the anguished Leonora in Verdi's opera northwest of Oklahoma City whose residents are usually more intent on

dealing in wheat poultry and oil than nurturing opera singers. Her father a Pentecostal minister played a number of instruments by ear, and her mother, a nurse was also a pianist Leona inherited their musical gifts, singing in the church choir and dabbling with the violin As a senior in high school she once learned an aria from Aida by rote, since she could not read music. To please a teacher, she auditioned for the music department at Oklahoma City University, to her astonishment, she was offered a full scholarship In those days, she recalls 'I thought Moon River was serious music Honey when you're from Enid, you've hardly even heard of opera

Mitchell was contemplating a life in the diplomatic corps when she was dragooned into a workshop production of Isaac Van Grove's The Story of Ruth the first opera the freshman had ever seen By the end of her senior year she had sung in twelve student productions and had won some 35 vocal contests. Shortly after graduation, she took first place in the prestigious Merola Opera Program competition in San Francisco

Her Merola victory in 1971 gave



A smoldering intensity that elicits bravas and bouquets

Mitchell a niche in the San Francisco Opera's summer apprentice program and more important a place in the heart of the company's then general director. Kurt Herbert Adler Two years later Leona sang her first Micaela in Bizet's Carmen at the San Francisco Spring Opera Theater In 1974 she also won a \$10 000 Opera America grant, and used it to move to Los Angeles to begin studies with Voice Teacher Ernest St. John Metz, still her coach and mentor

Despite all the intensive training Mitchell still felt unready when she was asked in 1975 to make her Met debut as Micaela this time opposite Placido Do-. mingo's Don Jose I had never sung with Domingo,' she says and I had never seen the sets until I went onstage God

struct have smiled on me So did the audience Mitchell was warmly received praised for her bright fresh voice and winning demeanor She was invited back to sing Pamina in Mozart's The Magic Flute the new Prioress in Poulenc's Dialogues of the Carmelites and Musetta in Puccini's La Boheme all essentially lyric parts that require grace and agility but not the sheer vocal power demanded by spinto roles like Leonora When Met Music Director James Levine asked her in 1979 if she thought she could tackle Forza she was apprehensive. Except for Butterfly the role is bigger than any she had ever sung. Leona agonized over her

HANN decision Her husband Elmer Bush, a Los Angeles schoolteacher remembers a night in London last year when Mitchell sat bolt upright in bed and moaned. I must be crazy to do this

Others however had no doubts about her ultimate success. Terry McLwen former president of London Records for whom Mitchell recorded Gershwin's Porgy and Bess in 1975 recalled Ever since Laist heard her when she auditioned for our recording. I knew she was going to be a star. Adler a veteran of opera for more than half a century found Mitchell's voice beautiful of a first rate quality with an excellent high register which is important for appealing to the public. Metz her coach has described Mitchell's voice as a combination of Price and Italian Soprano Mirella Freni - It's basically lyrical he says but with thrust She has that extra little kick, the power to go boom when the time comes

In the Met's Iorza Mitchell's voice goes boom when it has to, as in the climax of Leonora's last act aria Pace pace mio Dio She is also especially persuasive in her scenes with the monks of the monastery investing her work with searing fervor

Religious singing is so involved with love, and I try to keep that in my singing' explains the minister's

daughter. It sounds corny. I know but I

brought it from my childhood

Mitchell's success will not send her rushing in search of even more demanding roles 'I'm not about to go on a rampage and sing 500 million Leonoras next year she says While there is a Desdemona in Verdi's Otello later this season as well as an Aida scheduled for 1984, both in Sydney Australia the robust attractive soprano will not abandon her Muzartian characters or strictly lyrical parts like I iu in Puccini s Turandot You have to give the voice a chance to relax she says. I want to last, not just make a splash Leona Mitchell has already made her splash one suspects that it will be a long time before anyone has heard - By Michael Walsh the last of her

Essay

Little Crimes

"Nature"

Folks are dumb where I come from They ain t had any learnin Still they re happy as can be Do-In W hat Comes Nat-ur-lly

-- Irving Beilin, Doin What Comes Natur Ilv

special belief in what comes nat-ui-lly. That belief appears to grow stronger as society pulls further away from nature. As ever more synthetic artifacts of Western civilization emerge from laboratories and test tubes a great many people have developed an outright crush on nature. Indeed, the supposedly nat-mal is so warmly regarded nowadays that the artificial is in danger of getting an unjustly bad name.

There is nothing wrong with loving nature. The trouble is that in the commercial rush to exploit this popular sentiment the

notion of what is natural is getting stretched absurdly out of shape. It is even possible these days to see references to colors called natural vinyl and natural nylon. Considering natures own glaring penchant for diverse and gaudy colors, it is illogical that any anemic shade should be called (as convention calls it) natural. And it is preposterous to put that label on synthetic stuff. If man-made plastics possess a natural color then it is fair to ask. What is the natural color of a Buick?

The results of human artifice are one thing the effects of nature are another. A taccoon s coat is natural a raccoon coat is not. Hair grows naturally on the human

head but its naturalness vanishes the instant it is groomed with comb brush scissors or curlers. The term natural, in its strictest sense, should not be applied to anything contrived or even changed by man. Some philosophers, to be sure, encourage a soupy sort of reductionism. "Nature who made the mason, made the house, wrote Ralph Waldo Emerson. That notion is non-sense. It is plain as rain that people invented the house to escape the elements of nature.

Mankind would never have got anywhere without outwitting or overpowering the natural order of things. Early humans invented the arts of agriculture and livestock management to free themselves from dependency on the uncertain bounty of nature Ciucial differences between things devised by humankind and those that issue from Mother Nature often get blurred in the cause of merchandising.

An amazing variety of goods goes to market these days identified either directly or by insinuation as natural or as nature s, or as conducive to naturalness. Bloomingdale's, that barometer of with-itness features jeans made of "natural stonewashed denim." Golden Key Creations of Fort Worth urges customers. "Be pure, natural beautiful with Vitamin E cream!" Breeder's Choice Pet Foods has launched a new line of "all natural" dog food, which is the regular line bereft of additives, and Weleda, Inc., of Spring Valley, N Y sells an all-natural, non-aerosol spray deodorant potstrap Press of Glendale, Calif., offers a book that teaches the deep natural breathing you were born with."

The national boom in fresh-from-the-factory natural foods shows no signs of abating. There is hardly a department of any supermarket that does not offer some sort of comestible with "nature" or natural" on the label. Hershey's Semi-Sweet Chocolate Chips boasts "all natural ingredients." Snyder's of Hanover pretzels are said to be natural, as though just plucked off the old

pretzel tree Mrs Paul's French Fried Onion Rings' 'Only from natural fresh sliced onions" Ice cream may be a man-made culinary artifact, but here comes Schrafft's Light all natural ice milk Beer making may entail an intricate legacy of culture and chemistry, but there goes Anheuser-Busch Natural Light beer Arnold's now puts out a Nature-I bread. Kraft's a natural cheddar cheese Heinz a natural vinegar Mrs Smith's Bake and Serve Pie may contain artificial color and flavor monoglycerides, diglycerides and the antioxidant BHA but it also includes or so the label says "natural juice" apple. The phrase inevitably provokes a question. Where to find any perfectly natural commercial fruit? The answer of course is that almost all agricultural products since the heyday of I uther Burbank are hybrids that were developed or improved by state agricultural departments An apple today is not necessarily natural just because man has not yet made it square--like the tomato



These promiscuous claims of naturalness have become something of an embarrassment to people who are supposed to know what they mean Says Jules Rose board chairman of Sloan's Supermarkets "The term natural foods drives me crazy because no one has come up with the right definition" The Federal Irade Commission's Consumer Protection Bureau has more or less evaded the issue by relying on a definition of naturalness that boils down to minimally processed - that is food unchanged except by cutting, grinding drying or pulping. This elastic notion may be comfortable for merchandisers but cannot possibly help preserve a clear

sense of what is natural

Nowhere does the idea take a more gratuitous bruising than in the field of cosmetics. Ever since the 1960s, when hostility to technology began turning the so-called natural look into a hot advertising gambit the cosmetics industry has been overworking its overripe imagination to convince customers that naturalness is to be had only through the use of ointments, lotions, tints and other exotic stuffs Gillette's 'new FOHO -For Oily Hair Only system' all but ineluctably boasts 'natural ingredients. Jojoba oil is plugged as nature's own deep moisturizing formula from the legendary desert plant. The epitome of the natural cosmetics notion must be a product called Natural Image by Granny's Girl 'all-natural, grown-up cosmetics especially for little girls' Blushers Lip Glosses and Lyeshadows that give gentle hints of color, shine and scent What is easily forgotten under the enchantment of such copy is the unadorned fact that cosmictics exist entirely as interventions against natural appearances

Finally civilization itself is humanity s definitive intervention against what is truly natural. No matter how wrong Jean Jacques Rousseau was about the nobility of the natural savage he correctly saw that social order does not come from nature 'Neither does much of what goes into society's consumer goods. Fai too often, as Physicians Stephen Barrett and Victor Herbert write in Vitamins & Health Foods The Great American Hustle, the natural label is nothing but 'a magic sales gimmick'. The resulting confusion may not be a mortal danger, but it is hardly innocent. Unchecked it is bound to make it harder for rising generations to maintain a clear notion of the truly natural to which mankind indeed remains tied. Not long ago, a Chiffon margarine commercial got a lot of mileage out of the line "It's not nice to fool Mother Nature 'It is even less nice to blame and credit her for things beyond her doing --- By Frank Trippett

Books

Mad Dogs and Blithe Spirits

THE NOFI COWARD DIARIES

Edited by Graham Payn and Sheridan Morley

I title, Brown, 698 pages, \$22 50

A pproaching 62 and suffering from one of his recurring periods of unpopularity, Noel Coward sat down for a heart-to-heart with the wisest man he knew. I don't care for the present trends either in literature or the theater he confessed. Pornography bores me Squalor disgusts me Garishness vulgarity and commonness of mind offend me. Was it possible he asked that he was out of touch with the new decade of the 60s?

The answer was a resounding no, and that wise gentleman - the self-same Noel Coward- assured him that it was not he who was out of touch it was the decade And he was right as he so often is in this wicked, witty and refreshingly sane volume of diaries. Much of the work he so archly deplored has already been forgotten while his own plays continue to please and delight as they probably will for as long as audiences enjoy laughing Present Laughter (1942) with George C Scott is one of this year's Broadway hits and just two weeks ago, Llizabeth Taylor and Richard Burton announced that they will team up once again to do a Broadway revival of Private Lives (1930) which will probably always stand as the quintessential Coward play sophisticated, charming and cynical with dialogue so sharp it instantly carves itself into each generation's memory

But Coward, like all great writers of comedy was not just a funny man. He was a supreme realist who saw the humor, or the absurdity, in most human situations. When his good friend Clifton Webb mourns over the death of his mother Coward is, for instance, properly sympathetic. To his journal, however, he expresses his impatience. Poor Clifton is still, after two months, wailing and sob-

bing over Maybelle's death. As she was well over 90, gaga, and had driven him mad for years, this seems, excessive, and overindulgent. He arrives here on Monday [Dec. 19] and I m dreaming of a wet Christmas."

His weather prediction proves accurate, and on Christmas Day he writes [Clifton] has devoted a lot of time to weeping and telling very, very long stories about the various deaths of his various beloved friends. He retails these gruesome memories with a wealth of maudlin detail. How he first heard the dreadful news of their demises how he reacted how they were laid out how the memorial services were conducted, etc. These slow slow ramblings inevitably end and then he breaks up with Maybelle down and sobs and we all gaze at each other in wild surmise. He admitted to me under a pledge of deep secrecy the other morning that he was 71 Texpressed token amazement because the poor dear looks and behaves like 90. There is much that is sweet about him, but he is and always has been, almost intolerably silly

Most of his other friends he surveys with the same binary vision. He admires Margaret Leighton both personally and professionally but when she divorces Laurence Harvey he listens politely to her complaints then writes in his diary how it saddens me to see how these silly ladies muck up their lives. The moment they get their hooks into the gentleman of their choice they proceed assiduously to bash the whole thing to pulp with their tantiums and exigence. It really isn't surprising that homosexuality is becoming as normal as blueberry pie."

Lven Gertrude Lawrence, one of his



Embracing Lawrence in Tonight at 8:30
Lines that cut across generations

greatest friends and favorite acting partners during the 20s and 30s receives a small jab from the Coward scalpel. When she vacillates about accepting a part he directs her husband to tell. Gertie to mind her manners and that if she wants another play from me she can fish for it. Yet when she dies a year or so later he breaks down. With all her overactings and silliness I have never known her to do a mean or an unkind thing I am terribly, terribly unhappy to think that I shall never see her again.

He is as generous in praise indeed, as he is in criticism, and he seems overall to be kind, without spite or envy He appreciates good acting and treasures fine writing, in prose as well as dialogue First and foremost, he loves the theater He concludes a description of a delightful party by saying that there were few 'civilians — people from outside the theater

Supremely confident in his own tarent, he often pauses to massage his own ego He says that he is rereading, with immense enjoyment his own "excellent autobiography," Present Indicative He views with admiration his newest play, telling himself that "it is a truly wonderful gift, my natural and trained gift for dia-

Excerpt

Nov. 6, 1942. I have no real rapport with the 'workers,' in fact I actively detest them en masse. They grumble and strike and behave abominably while their very existence is made possible by sailors and merchant seamen who get a quarter or less than a quarter of what they do

. Jan. 30, 1948: Gandhi has been assassinated In my humble opinion, a bloody good thing but far too late

Nov. 11, 1949 Read the unexpurgated *De Profundts* Poor Oscar Wilde odd that such brilliant wit should be allied to no humor at all

March 9, 1953: Graham Greene was very agreeable and his beastliness to me in the past I have forgiven but not forgotten. He has a strange, tortured mind but, like most of God's creatures, aches to be loved.

logue' When one of his plays is panned on Broadway he retorts "It cannot be anything but personal No one in their sane senses could say the lyrics and music the Girl Who Came to Supper were not good They are good Very good indeed"

Yet he is as accurate and candid about himself as he is about everyone else and over and over he owns up to occasions when his initial enthusiasm led him astray. An early version of Island Fling "really wasn t good enough and was currously overwritten" he decides "I seem, in later years to have lost my gift for economy. This has been, and in the future must continue to be remedied." It is a rare writer who is his own best critic.

he diaries begin in 1941, when Coward was 41 and end in 1969 three years before he died of a heart attack at Firefly his beloved home in Jamaica There are long, flat passages and many Antries are no more interesting than last year's society column. But these stretches are as much a part of a life even a life like Cowards, as the glittering ones and the diaries should be read whole or not at all Coward was not a butterfly but a worker bee During his 73 years he turned out more than 50 plays half a dozen books many short stories innumerable essays and reviews, and songs as varied as Mad Dogs and Englishmen and Ill Follow My Secret Heart He also found time to act perform in cabaret and direct. He may have partied at night, but he always composed the morning after

Even talking to himself Coward avoids garishness vulgarity and commonness of mind and references to his own creet In one entry in which he takes a splenetic swipe at Samuel Beckett's Waiting for Godot (pretentious gibberish') he goes on to attack Mary Renault's The Chartoteer "Oh dear, he says "I do do wish well-intentioned ladies would not write books about homosexuality. It takes the hero-sor-disant-300 pages to reconcile himself to being queer as a coot and his soul-searching and deep, deep introspection is truly awful. There are 'queer' parties in which everyone calls everyone 'my dear' a good deal and over the whole book is a shimmering lack of understanding of the subject I m sure the poor woman meant well but I wish she d stick to re-creating the glory that was Greece and not muck about with dear old modern

"Ah me' This growing old" he says as he turns into his 60s "I suppose I should envy the afterlife believers the genuflectors, the happy-ever-after ones who know beyond a shadow of doubt that we shall all the again in some celestial vacuum, but I don't I'd rather face up to finality and get on with life, lonely or not, for as long as it lasts Perhaps that cool rather brave philosophy explains why he never in fact did grow old, and why the best of his work remains ever fresh and, like the title of one of his best plays, full of blithe spirit

Last Things

THE END OF THE WORLD A HISTORY by Otto Friedrich Coward, McCann & Geohegan, 384 pages, \$19 95

p to a certain age, the young have a happy difficulty accepting the inevitability of their own death. But at no point in history has any human being of any age had a problem imagining the end of the world. The day the sun does not rise seems to be buried like a dread case of deja vu in the collective unconscious, just waiting for a sign or potent to release it

Otto Friedrich a senior writer at TIME who has already sampled cataclysm in Before the Deluge A Portrait of Berlin



Otto Friedrich

An absurd necessary demand Why?

in the 1920s addresses himself here to seven catastrophes. Fach is so profoundly shaking that the survivors cried like Petraich after the Black Death swept Europe in 1348. "When was such a disaster ever seen, even heard of?"

Friedrich possesses the narrative skill and scholarship to play divertingly upon the nerves of a generation of readers obsessed by the fire and ice of their own visions World War III, a cosmic flood from a melted polar icecap incurable plagues But in the end he has written something much more like a moral inquiry. As he scrutinizes the crimes nature has committed against man, and man has committed against himself from the sack of Rome (AD 410) to the Lisbon earthquake (1755), from the Inquisition (1209-44) to Auschwitz (1940-45), Friedrich has added to Petrarch's rhetorical question Job's absurd yet necessary demand Why?

Once upon a time the victims

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Books

they knew the answer sinners were being crushed by the hand of an angry God The Black Death killing 25 million Europeans or an estimated one out of three, provides Friedrich with a syndrome As they suffered what they believed to be God's scourge, the Brotherhood of the Flagellants thought to echo his wrath by whipping themselves When this holy masochism failed, the Brotherhood and others adopted a second response They invented a scapegoat turning their scourges literally and figuratively upon Jews in Germany France and Switzerland (The End of the World, among other things, is a subhistory of anti-Semitism)

For Friedrich and most modern readers the idea of a punitive God is less terrifying than the notion of a fanatical human the problem of evil as the mad light in one's brother's eye Even more revolting than the corpses Friedrich keeps heaping up are the bloody cries he records calling for more massacres Faced with the peasants' rebellion the rebel Luther exhorted Let everyone who can smite, slay and stab secretly or openly In the name of historical dialectic, a teriorist much admired by Lenin, Sergei Nechayev, declared 'Our task is terrible total universal and merciless destruction

The climax of all the jigs of death has to be of course. Auschwitz At this hellon-earth in the countryside of Poland, where 4 million people were killed, the world as slaughterhouse reached its peak of efficiency Men women and children were murdered by gas by flame thrower, by artful orchestrations of hunger and typhus In his quiet voice, Friedrich lays it all out meticulously as tidy as the camp commandant's garden What more can reasonably be said about history's perversions of Judgment Day?

The powerlessness to resist an apoca-lyptic event may be exceeded by only one worse form of suffering the inability to explain it Elie Wiesel, sent to Auschwit/ as a boy, has spent a lifetime examining and re-examining the Holocaust as historian novelist and theologian Three years ago after revisiting Auschwitz, he confessed, "I understand it less and less "

Holocaust, doomsday-the very words are beginning to slide glibly off our minds, Friedrich fears. From war-game scenarists on down we are all in grave danger of becoming professional waiters-for-the-end After being a text for religious and then philosophical consternation, 'the idea of the end of the world has finally become an instrument of international propaganda, Friedrich writes

Obviously the author wonders whether writing a book on the whole subject is absurd What can the scratch of a pen accomplish when all the big bangs turn banal in the end? Sometimes he presses too hard The ball of fire that appeared over Siberia in 1908 never quite finds its symbolic connection to his account of the Russian Revolution A narrative on the

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Books

ill-used Anabaptists begins so remotely that a reader gets lost in the preliminary spirals At Friedrich's high level of risk, a measure of failure is unavoidable *But what would we do without this book?

When the poet Anna Akhmatova was waiting in line outside a prison in Leningrad during a time of political apocalypse—the Yezhov terror—a woman with lips blue from the cold asked her, 'Can you describe this?'"

Akhmatova answered, 'I can "

Then, she noted of her questioner, something like a smile passed fleetingly over what had been her face "

Friedrich like Wiesel, has finally understood very little To understand very much would be an insult But he has borne witness to a horrific obscene lot and the reader must feel something of the gratitude that the woman in the cold felt toward Akhmatova —By Melvin Maddocks

Editors' Choice

FICTION: Mantissa, John Fonles A Midnight Clear William Wharton Monsignor Quixote, Graham Greene My Old Sweetheart Susanna Moore Selected Stories, Robert Walser The Third World War General Str John Hackett

NONFICTION: The Diary of Virginia Woolf edited by Anne Olivier Bell Croing to the Dance Arlene Croce Love Lleanor Joseph P Lash Midnights Alec Wilkinson • The Red Smith Reader edited by Dave Anderson • USSR The Corrupt Society Konstantin Simis

Best Sellers

FICTION

- 1 Master of the Game Sheldon (1 last week)
- 2 Space Michener
- 3 The Valley of Horses Aucl (3)
- 4 Different Seasons King (2)
- 5 Crossings Steel (4)
- 6 Ε Γ The Extra-Terrestrial Storybook, Kotzwinkle (5)
- 7 Spellbinder, Robbins
- 8 The Parsifal Mosaic Ludlum (6)
- 9 The Third World War Hackett
- 10 Lace Conran

NONFICTION

- Jane Fonda's Workout Book, Fonda (1)
- Living Loving and Learning, Buscaglia (2)
- 3 Life Extension, Pearson and Shaw (3)
- 4 When Bad Things Happen to Good People Kushner (4)
- 5 The One Minute Manager, Blanchard and Johnson
- 6 Jane Fonda's Workout Book for Pregnancy, Birth and Recovery, De Lyser (6)
- No Bad Dogs, Woodhouse (9)
- 8 Weight Watchers Food Plan Diet Cookbook, Nidetch (7)
- 9 Lana Turner
- 10 Indecent Exposure, McClintick (10)

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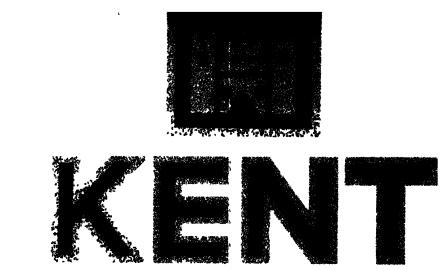
...and 30 feet below the desert sands of modern Bahrain, lies the fabled capital of a lost empire called Dilmun. Some believe it was the Garden of Eden. Beyond doubt and legend, it was a key international business centre at that time

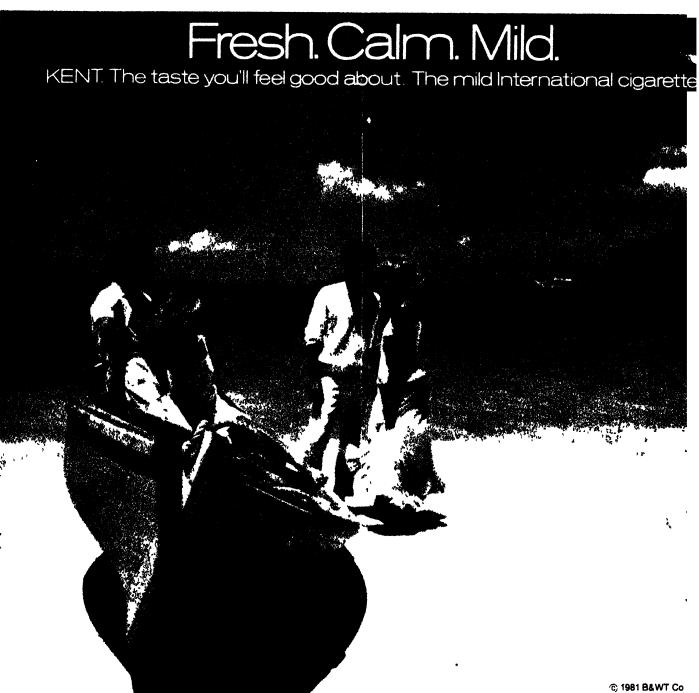
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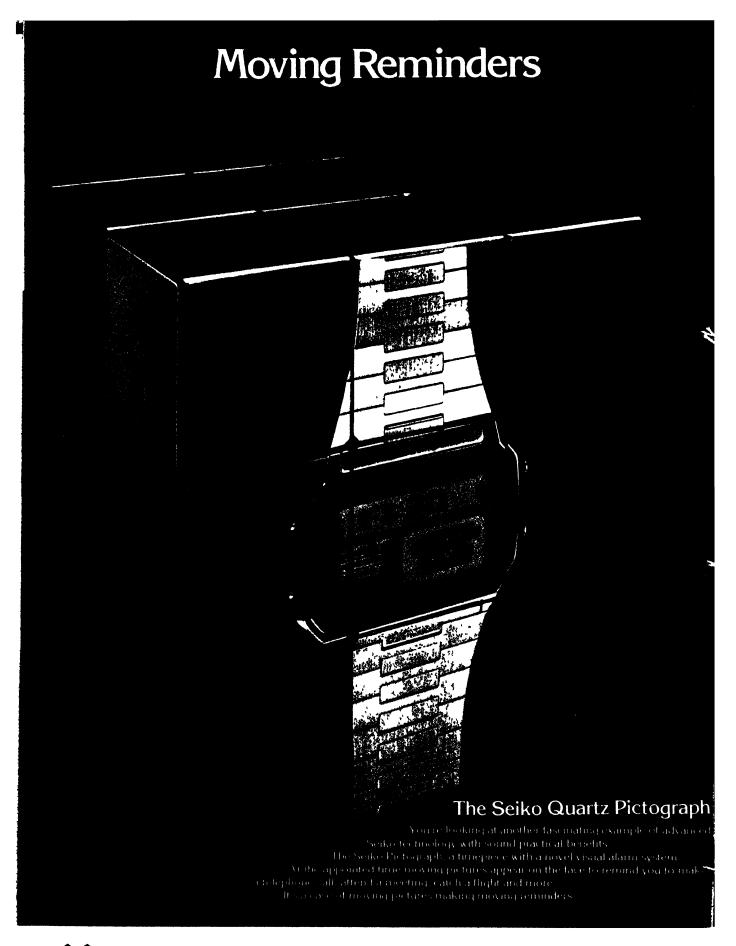
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The Amazon Saving the Last Frontier



Swissair couldn't bear the thought that a business traveller might suddenly cease to be one merely because he was flying at a special fare for once. Business people sometimes fly on holiday – let's say to the mountains or to some charming lake - instead of to conferences or But any special rates notwithstanding, aboard a Swissair plane they can count on the familiar feel of a business trip Because tourists get our full attention exactly as executives do Anyone who flies Economy Class with Swissair is in the class for business people from the start. Which may incidentally impress your wife and family if they are with you It means that with the fewer seats to a row you have almost as much elbow room as you will have later in your deck chair You can stretch your legs holiday-fashion because you have hand-luggage lockers overhead. You will have a wider choice of newspapers and magazines than with any other airline (all the more important when you haven't got files and reports to read) On long flights you have your choice of two menus, served on real china Besides which Swissair service on board is so pleasant that even before arrival you get a couple of extra swissair 🕹 🖔 hours' holiday in Switzerland

Letters

Beirut Massacre

To the Editors

Although the Israelis won the military battle in Lebanon they lost the political war in the eyes of the world [Sept 27]. It is now time for Israel to withdraw from Lebanon give up the West Bank and Gaza and recognize the Palestinians right to become a nation.

Larry Garber New York City

We justly condemn those who could have prevented the Nazi Holocaust but looked the other way. Should we use a different standard when Israelis allow the Christian militiamen to perform terror?

Bruce Hendry Minneapolis



We can deplore Nazi Germany's actions and not be regarded as anti-Christian We can be revolted at My Lai and not be anti-American. We can scorn Iran's Ayatullah and not be anti-Muslim. But we can never even question Israel's actions against the Arabs lest we be branded anti-Semitic. That is psychological blackmail.

Chiis Haney York Me

The government of Israel is totally responsible for the massacre of Palestinian civilians. That the killings were not committed by Israeli soldiers is not important. What is important is that they were allowed to happen when the Israelis were in control.

Shakir A Lotia Fresno Calif

Because we need a foothold in the Middle I ast the US has built up Israel Prime Minister Begin has taken advantage of this. He plans to make Israel the ruler in the area by starting more settlements on the West Bank and occupying Lebanon Begin has caused the rebirth of anti-Semitism all over the world.

Jean Plenet West Los Angeles Calif How dare the Lebanese Phalangist militiamen call themselves Christians?

Mr and Mrs Glen Shaw Kearny N J

King Hussein of Jordan, whose Muslim Arab armies murdered hundreds of Palestinian Arabs, now has the audacity to sit in judgment on Israel, which did not kill anyone in the Beilut massacre

> Grace Rossahi New York City

Muslims slaughter Christians Christians slaughter Muslims Muslims slaughter other Muslims, and everybody blames the Jews

David L Passman Chicago

Israel has one of the best intelligence agencies in the world. It knows when its enemy sair force is about to take off. It knew where Palestinian targets were when its army moved into Lebanon. It is impossible to believe that this same country had no knowledge of the massacre when it started.

John F Schmitt Pittsburgh

As an Isiaeli I am ashamed At the beginning of the war in Lebanon, we were told that we were going to fight against guerrillas who did not allow the residents of northern Israel to live in peace But once we went into Beirut the war showed its ugliest face Sadly for us the war became a way of life I blame you Prime Minister Begin for killing the good that was within us

Orly Alon Tel Aviv

Cuban Missiles

The authors of your article 'The Lessons of the Cuban Missile Crisis' [Sept 27] failed to touch upon two points. Had President Kennedy ignored his liberal advisers and supported the Bay of Pigs invasion with air cover, Communism would have been eliminated in Cuba and the crisis prevented. Second the no-invasion assurance Kennedy gave Nikita Khrushchev has secured the Communist foothold in the Western Hemisphere leaving "festering wounds in the body politic.' El Salvador Cruatemala and Honduras. This was not Kennedy's finest hour

Anthony Gilbertie Westport Conn

You say that Khrushchev suffered humiliation I disagree Khrushchev outfoxed Kennedy The real objective of the Soviets was to free Cuba from American control Khrushchev got what he wanted by forcing Kennedy to declare publicly that he would not invade Cuba

Robert S Junn Jenison, Mich

Greene's Gripe

Your article on my book Monsignor Ourxote |Sept 20| got a good many facts wrong I have not lost a libel action brought by Monsieur Guy, but an action for "intrusion into private life," a very French law which has nothing to do with libel my daughter lives in Switzerland, not England, so I can hardly visit England to see her my 'dossiei from British intelligence is a dossier of American intelligence obtained under the Freedom of Information Act Madame Cloetta is not my secretary I have not toured Spain with priests- only one priest my friend Father Duran Oh well Mr J D Reed has only scored five mistakes Mi Auberon Waugh recently scored ten

> Grahum Greene Antibes France

Amazing Grace

Your article on the death of Princess Grace [Sept 27] rankled. One sought the tender word to soothe but found instead such derisive phrases as princess of an amusement park, and suppressed clucks in reference to her restrained but motherly defense of her children. And why describe 15 000 carnations as being dumped on her bridal yacht from a plane when the word showered would have been more apt?

Grace Falk New York City

Thank you for keeping your coverage of Princess Grace in perspective and for not romanticizing her

Carolann Greenup New York City

Philippine Efficiency

We take strong exception to the statement in your article on the Philippines (Sept 20) that 'Filipino businessmen are appallingly inept. To resort to such a sweeping generalization on the basis of a single economic performance is oversimplification Does this refer to investment in the private sector or public sector? Does it consider all investment in the Philippines or does it refer to one or two industries? More important, does it cover a period when large outlays were made in slow-gestation projects' The economic performance of the Philippines in the past ten years, considering the prevailing economic conditions in the world, has been remarkable

Fred J Elizalde President Philippine Chamber of Commerce a Industry Manila

1171ERS TO THE EDITOR should be addressed to TIMI Tetters. Time & tife Building 3-6, 2-chome Ohtemachi. Chivodaku Tokvo 100 Japan and should include the writers full name address and home telephone. Letters may be edited for purposes of clarity or space.



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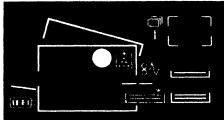
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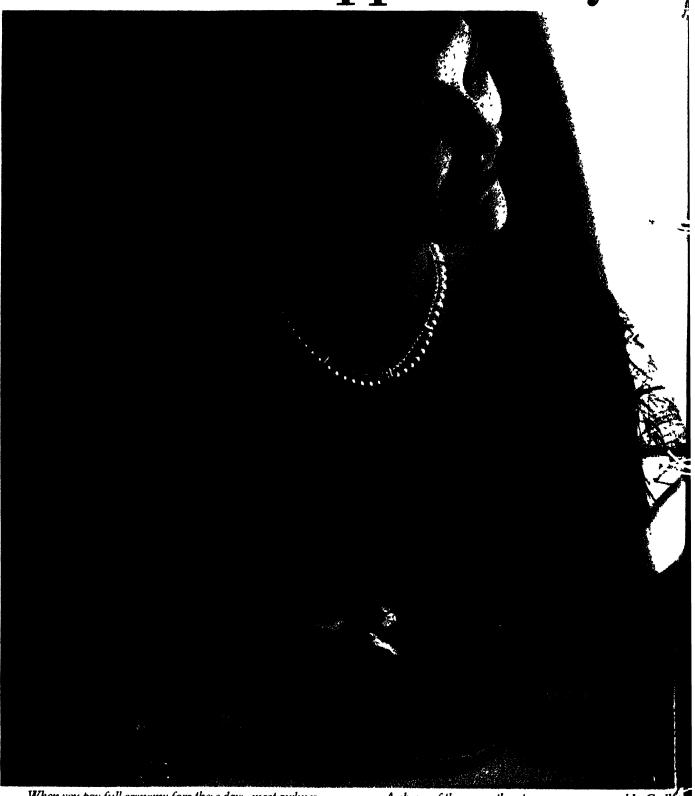
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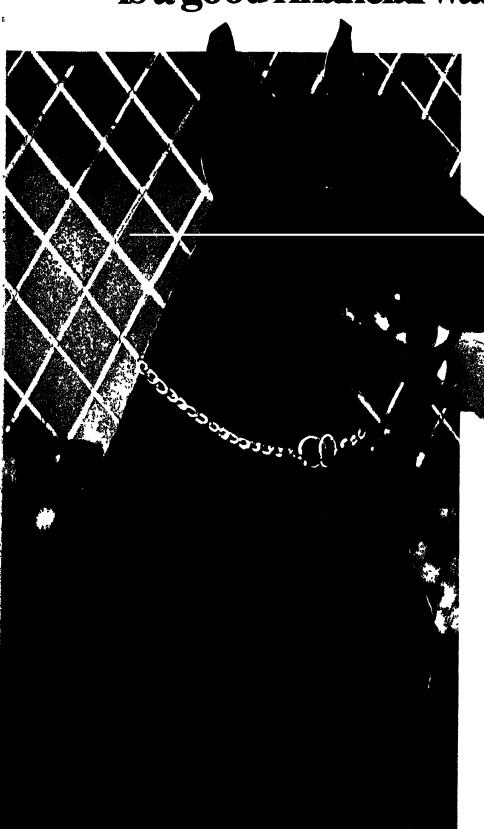
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A Letter from the Publisher

ne measure of the immensity of the Amazon, 'says Gavin Scott TIME's South America bureau chief is that in the course of reporting this week's cover. I traveled 21 000 miles in

17 different airciast, one helicopter, four barges one riverboat, two canoes and a forgotten number of lurching Land Rovers In all Scott made four visits to the Amazon basin But like experts devoting their lives to the study of the river he admits 'I can make little serious claim to understanding it I ve traveled various stretches of the Nile the Mekong and the Congo rivers, but by Comparison they seem like creeks

Scott who spent eight weeks reporting for the Amazon assignment is fascinated by the river's colorful characters Catholic missionaries he recalls



I met two Roman Gavin Scott by the Amazon

who had lived in the Amazon for years and eventually quit the church to marry elegant Indian ladies. In Rondônia, the center for recent development gunmen still come up to strangers in bars and offer to perform services for \$10. One friend asked about eradicating a hypothetical enemy. Show me his picture? promised the gunman, and I hate him already

The contrast between the river's modern life and the sometimes haish ways of nature is particularly incongruous. Says Scott In Manaus playboys fish from speedboats only to find that by the time they reel in their catch it has been eaten by piranhas. The region swarms with puddle-jumping aircraft, but when the boatman turns off his motor in the middle of a way-

> side lagoon the visitor is overwhelmed by the primeval silence The tiver is like nothing else on earth

> In New York City, Reporter-Researcher Naushad Mehta who worked on the cover with Staff Writei William Drozdiak was similarly impressed by the vastness of the subject. After poring through books and articles on the Amazon she interviewed academics economists, botanists and anthropologists. In the end she was surprised only at just how little is known about the region

We still do not totally understand what the Amazon is all about she

'The irony is that while the Amazon holds some of the greatest riches on faith it is also one of the world's most fragile regions

ohn a meyers

Index

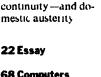
Cover: The Amazon basin is a storehouse of gold iron copper and other mineral wealth and a laboratory of flora and fauna After some false starts Brazil is trying to tap the treasure without destroying it See ENVIRONMENT



2 Letters

7 Education

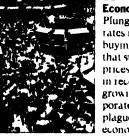
World: Poland s parliament passes a law that decrees the death of Solidarity During his first week as West German Chancellor Helmut Kohl visits I rance and talks of diplomatic continuity -and domestic austerity





Economy & Business: Plunging U.S. interest rates inspire frenzied buying on Wall Street that stampedes stock prices sharply higher in record volume > A growing flood of corporate bankruptcies plagues America's economy

increasing



61 People

68 Press

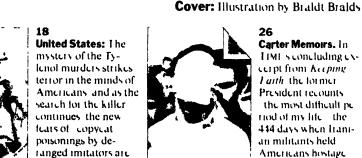
64 Design

72 Video

65 Milestones

66 Law

76 Cinema



Naushad Mehta in New York



26 Carter Memoirs. In TIMEs concluding excerpt from Keeping Laith the former President recounts the most difficult be riod of my life the 444 days when Iranian militants held Americans hostage See SPECIAL SECTION



Theater Heralded by tom-toms of publicity and a \$6 million ad vance sale that is the hippest in Broadwas history the IS Lhot Andrew Lloyd Withher Cars leaps from I ondon onto the New York stage to a mixed reception

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POI AND

TIME OCTOBER 18 1982

Requiem for a Dream

Solidarity: August 1980–October 1982

he end came quickly if not unexpectedly. In the wood-and-marble chamber of Poland's Sejm (parliament) last week row upon row of Deputies lifted their right hands high By an overwhelming vote they decreed the death of Solidarity the 9 million-member independent union federation that for 16 months had shaken the entire Soviet bloc with its bold cry for freedom. That vote, approving a sweeping new trade-union law finished the job that General Wojciech Jaruzelski had begun when he imposed martial law and suspended Solidarity last December

The parliament outlawed not only Solidarity but all other existing labor organizations as well, clearing the way for a new set of factory-based unions that the government clearly intends to control With Solidarity Leader Lech Walesa and some 600 other key members still in custody Jaruzelski was gambling that a dispirited population would accept the union's long-predicted demise without major upheavals. Warsaw's bosses were also hoping that Western opposition would be largely thetorical

On the domestic front the regime's calculation proved correct. Although some leaflets appeared urging Solidarity supporters to demonstrate before the parhament building, Poles seemed reluctant to go into the streets in the wake of the Aug 31 riots when five died in bitter clashes with security forces. Taking no chances, the government had bivouacked hundreds of extra riot police in downtown Warsaw hotels but most citizens heeded the advice of Solidarity's underground leaders to refrain from violence

Western reaction was mixed. Asked to comment on the Polish situation shortly after the vote President Ronald Reagan snapped, I think it's horrible. At week's end he vowed to move quickly to suspend Poland's most-favored-nation trading status, which will result in increased duties on more than \$50 million in Polish goods sent to the US Sharing Reagan's outrage French Prime Minister Pierre Mauroy declared that the law was yet another attack against individual liberty and the rights of man He added that the law would "place a new obstacle between Franco-Polish relations

But the Europeans already opposing Washington's ban on building the Soviet gas pipeline, were unwilling to increase sanctions against the East bloc Indeed an American proposal that NATO countries reduce their diplomatic representation in Poland and raise tariffs on goods from that country stirred no enthusiasm when it was discussed by the alliance's ambassadors in Brussels last week

The one voice that in other days had effectively defended Solidarity was silent last week Lech Walesa remained under detention in the government hunting lodge called Arlamowo about 200 miles southeast of Warsaw cut off from events and powerless to change them. He receives regular visits from a priest, Father Alojzy Orszulik His wife Danuta and their seven children have been allowed to stay with him for short periods. After her last visit some three weeks ago. Danuta told reporters that her husband was in good physical and mental condition but was still a trifle overweight. TIMF has obtained exclusive photographs taken last | that | violate the constitution of the

month showing that Walesa has shaved off the beard he grew after the imposition of martial law. He has refused to negotiate Solidarity's future with authorities unless his top advisers were present maintaining an almost absolute silence since he was arrested on Dec 13

The new unions proposed by the government will be starkly different from the one that Walesa led into history. Among the law's provisions

- ▶ Unions can be formed only at the factory level initially. Though nominally independent of party and state control these units will probably be closely supervised. by the government
- ▶ The right to strike is subject to such elaborate restrictions as to be virtually nonexistent
- ▶ The government may ban any unions :



General Jaruzelski; below, Solidarity banner and flowers at workers' monument in Poznan



Polish People's Republic and other laws No allowance is made for the formation of faritiers anions, like the now banned Rural Solidarity

Seeking to present the law as a positive reform, Deputy Premier Mieczyslaw Rakowski declared that Poland could not afford the "turmoil' caused by Solidarity's challenges to the government Declared Rakowski of the ban on Solidarity "Closing it down means opening a new chapter, creating opportunities for getting out of this chaos

In reality, one of the 20th century's most extraordinary political experiments, an attempt by an Fast bloc population to wed democracy with Communism was coming to an ignominious close Born during a wave of strikes in the summer of 1980, Solidarity had inspired a peaceful revolution that breathed a heady new freedom into Poland's social political and cultural life. Even the ruling Communist Party had been affected by the process of odnowa or renewal as grass-roots movements within its rank and file demanded more internal democracy and sweeping economic reforms. For the first time in history a truly proletarian movement was forcing an atrophied Communist bureaucracy to heed the people's will

In the end the crusade and its threat were too much for Warsaw's bosses to accept Governmental resistance to reforms forced Solidarity's leaders into an increasingly radical position Finally, with the union in effect challenging the exclusive rule of the party, Jaruzelski seized military control of the government swept away the short-lived freedoms suspended the union and detained several thousand Solidarity leaders and supporters

hen he imposed martial law. Jaruzelski probably intended to purge only the union's more unruly elements Since the discredited Communist Party lacked the public's trust Jaruzelski could have greatly benefited from establishing a relationship with an institution that was supported by the vast majority of Polish workers But Jaruzelski's strategy for dividing the union and finding collaborators among its leadership failed totally. Not a single important Solidarity leader ever broke ranks, despite the arrests of key members

In the face of such recalcitiance the regime finally fell back on the 'zero option' of abolishing the union. The timing of the move was probably affected by the late-summer riots which were easily crushed by the government "The way they handled Aug 31 proved they could handle mass demonstrations at relatively low cost says a State Department analyst. The authorities may also have wanted to clear the way for lifting martial law before the Dec 13 anniversary of the imposition of military rule. Observed former

US Ambassador to Warsaw Richard Davies "They want to get it settled no matter what the cost inside the country, so they can boast after one year of martial law 'We have changed the conditions here and now we are rebuilding

Jaruvelski's advisers insist that the new law on unions is a major step toward national renewal and reform Their professed goal is to establish strong, "independent" but nonpolitical unions that can serve as a check on the entrenched bureaucracy without opposing the state itself But even Warsaw officials admit that they will have trouble persuading workers to accept the emasculated unions

There are unofficial government estimates that only 10% to 20% of the work force will join the unions in the initial stages. In fact a low turnout would work to the government's advantage by giving party activists at the factory level the chance to pack the unions with their own loyalists Reflecting widespread public skepticism about the independence of the new unions, a Polish intellectual scoffs. This law is tougher than the Stalinist union law of 1949. There is not a single

hole in this net'

The government's latest move has left the Solidarity underground in a quandary The banned union's five-man coordinating commission met secretly in Warsaw early last week and agreed to make an indirect appeal for a boycott of the new organizations while advising against widespread strikes and street demonstrations But Union Leader Wladislaw Frasyniuk of Wroclaw urged the group to call for some form of protest that would help him to restrain the hotheads in his increasingly volatile region Returning to Wroclaw to confer with local activists. Frasyniuk was arrested on the stairway of his apartment building. He reportedly told the airesting officers, "You win this round

The church, meanwhile, seemed paralyzed in the face of the government's action The Polish Primate, Archbishop Jozef Glemp of Warsaw had long demanded the restoration of Solidarity I ast week, however he offered the workers only the mild recommendation to 'ask for Solidarity in another form. Glemp signaled his displeasure with the regime by canceling a scheduled meeting with Jaruzelski Larlier, he had called off planned trips to Rome and the US choosing to stay at home and help calm the situation if violence broke out

For the present Jaruzelski seems to have won his gamble. But in the long run, the crushing of a group that enjoyed overwhelming public confidence may oblige the government to continue its rule by force That in turn, would aggravate Poland's economic woes and increase the danger of new upheavals. This same vicious cycle has toppled three Polish leaders in the past twelve years. Although he has bought some time. Jaruzelski has not yet won the support let alone the trust of his restive people - By Thomas A. Sancton. Reported by Richard Hornik/Warsaw Gregory H. Wierzynski/Washington



Signaling displeasure: Archbishop Jozef Glemp last week at Warsaw's Church of the Holy Saviour



World

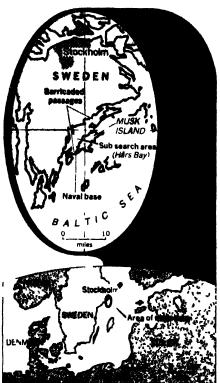
SWEDEN

Run Silent, **Run Where?**

A mystery sub is sighted and the hunt begins

t was first sighted just by chance. On a sunny Friday afternoon two Swedish naval officers aboard a motorboat chugging through the waters near a naval base on Musk Island about 30 miles south of Stockholm glimpsed a periscope flashing through the waves The alert quickly went out that a foreign submarine was lurking in Swedish waters and within hours the hunt was on Throughout last week dozens of ships and helicopters swept back and forth across Hars Bay in an attempt to capture the intruder. The search quickly became an international mystery What kind of submarine was it? Where exactly was it? And, most important, whose was it? 'We don't intend to just follow it out to sea," said Rear Admiral Christer Kirkegaard, leader of the sub hunt. 'We want to find out where it came from and what it left down there

It was strongly suspected that the submarine was from a Warsaw Pact nation most probably the Soviet Union though Moscow scoffed at the notion. The naval base on Musk Island is Sweden's largest and most secretive, with a maze of tunnels and underwater hideaways Its radar keeps constant watch over the country's eastern coastline which faces the Soviet Union in the Baltic Sea. If the vessel were from the Soviet bloc its mission was prob-





Hovering helicopter lowers a listening device into the water in an attempt to locate submarine

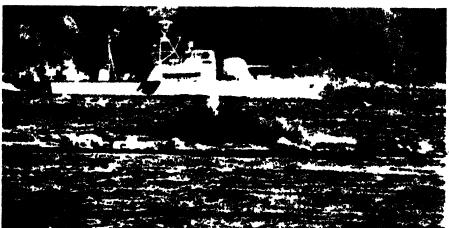
ably to gather as many details as possible about the base and the surrounding waters Washington believes that, in case of war, the Soviets would try to invade Noiway through Sweden, hoping to control the northern Atlantic sea lanes Submatines can better chart the underwater conditions than the Soviets sophisticated trawlers, which are laden with electronic

surveillance gear

Moscow had been caught snooping in Swedish waters before In a widely publicized incident last October, a Soviet Whiskey-class submarine ran aground in a restricted military area near a naval base at Karlskrona After questioning the skipper, the indignant Swedes hauled the sub out to sea ten days later The number of sightings of foreign subs in Swedish waters has risen over the past year, with four certain incursions and two probable ones taking place this past summer This time, Swedish authorities were far more alarmed Said Commander Hans von Hofsten. 'This is so far inside a restricted area, so close to our main naval base that it seems more aggressive and ruthless than anything before

Within a few days after the first sighting the Swedes had managed to bottle up the sub in Hars Bay a narrow channel between the mainland and Musk Island about twelve miles long and three miles wide Across each end of the bay was strung a forest of submarine nets chains and magnetic cords. Then the Swedes proceeded to scour the bay Patrol boats, torpedo boats mine sweepers 'urveying ships and police launches joined in the hunt In all 40 vessels churned through the waters many of them with highly sensitive sonar equipment. Overhead clattered ten antisubmarine helicopters, lowering hydrophones into the water like stethoscopes listening carefully then cranking them up and moving on to another spot When a telltale noise was heard, a copter or a boat would drop a depth charge in an attempt to force the sub to the surface, the bay waters would rise in an explosive plume, and soon the air would be filled with the smell of dead fish

Swedish authorities had believed at first that the operation would take only a



Fast attack craft patrols waters near Swedish base on Musk Island as the search continues What kind of submarine is it? Where exactly is it? And, most important, whose is it?

few days But as the week wore on, the sub remained at large Only a trail of air bubbles and an occasional oil slick indicated that it was still down there So the Swedes pped up their efforts They succeeded in magnetically attaching a beeping sound bomb, which helps in tracking vessels, to the hull of the submerged sub After 20 minutes, however, the device fell off They also brought in a submarine salvage ship the Belor in case the crew members had to be rescued

On Thursday, the mysterious sub made its move A Swedish ship guarding the northern exit of the bay picked up the sounds of an underwater vessel. At the same time, something thudded against the submarine nets that blocked off the bay Since the wall of steel mesh was electronically rigged the bump set off alarms that were immediately heard on earphones by helicopter pilots overhead. Two choppers spuickly swooped over the spot and dropped four 330-lb depth charges The waters erupted the ground of nearby islands quaked The hidden sub, which apparently was making a desperate attempt to break through the nets drew back and lay silent and deep at 230 ft below the surface and only 600 ft or so from a popular beach at Arsta As Swedish navy divers plunged into the water to examine the damaged nets, a submarine salvage ship examined the sea floor with its underwater cameras. It reportedly found nothing

Meanwhile a second submarine was detected trying to nose into the bay apparently coming to aid its imprisoned fleet-mate By evening however the rescuer gave up and backed away from the nets At about the same time Swedish officials exploded three mines by remote control after detecting a sub passing outside the bay Again, nothing was found

By week's end the hunted sub was believed to be still trapped in the bay, exact whereabouts and identity unknown There were unconfirmed reports that a Soviet spy plane was crisscrossing the Baltic presumably to attempt to make radio contact with the mystery vessel But how long could the sub remain on the loose, if indeed it had not already slipped out of the bay undetected? At first, it was speculated that perhaps it was not a conventional submarine, after all, but a small "spy sub," as little as 10 ft in length, that could easily hide in a trough on the sea floor Some observers thought it could be a newly designed model made of titanium that can withstand depth charges or perhaps an unmanned craft steered from afar by remote control It might even be a 'spook sub,' a torpedo-shaped, unmanned decoy that can imitate sub sounds and even burp air Subbles while allowing an actual submarine to slip away undetected Whatever it was, wherever it was, Stockholm remained determined to find out, no matter how long it took "It's a war of nerves," said Captain Svea Carlsson, the Swedish navy spokesman "It may be a week or two, but time is on our side " -By James Kelly. Reported by Mary Johnson/Stockholm

An Election-Eve Plot

Another military conspiracy fizzles

lmost as if nothing had happened A Spain's general-election campaign began last week with posters blooming on every available wall space and noisy political rallies beckoning across the land. It was a classic demonstration of democracy at work but it was being carried out under a cloud another threat from old and implacable enemies. Only five days before the campaign kicked off disgruntled army officers had been caught in the third conspiracy in four years to seize power and return Spain to the dictatorial days of Francisco Franco Spaniards reacted with extraordinary calm to the event, reassured perhaps by the fact that it was the army intelligence service that had uncovered the plot, code-named Operation Cervantes Nevertheless, the revelation of military scheming injected an element of



Molina leading the 1981 Cortes coup The majority of the army remains loyal

uncertainty into a campaign that, according to opinion polls seemed almost sure to bring the Socialists to power in Spain for the first time since 1936 Suddenly the question was raised Would fear of intervention by right-wing military men help or hurt moderate Socialist Leader Felipe González, 40 at the polls?

Judging by the evidence the new conspiracy was more detailed and better organized than the failed putsch of February 1981 when Civil Guard Lieut Colonel Antonio Tejero Molina burst into the Cortes with 200 of his men and held most of the government hostage at gunpoint for more than 17 hours. The latest coup attempt was timed for Oct 27 the eve of the general election, just in time to forestall the expected Socialist victory Operation Cervantes' first objective was to isolate Madrid from the rest of the country before calling on regional military commanders to go along with the takeover Having learned painfully during the Tejero golpe that they

could not count on support from King Juan Carlos, the plotters planned to take over his palace at an early stage prior to their seizure of the Prime Minister's residence, the defense and interior ministries, and key communication centers, including radio and television stations

Army intelligence officers first discovered Operation Cervantes last August but waited until they had enough evidence before making arrests. They knew, for example, that some of the jailed leaders of the 1981 revolt were collaborating in the planning of the new attempt. The day before he was arrested, Artillery Colonel Luis Muñoz Gutierrez spent four hours in the luxurious prison quarters of Lieut General Jaime Milans del Bosch one of the convicted ringleaders of the last coup attempt After that meeting intelligence officers inspected a briefcase filled with documents that Muñoz had left in his car while he lunched in a Madrid restaurant. The next day only hours after a special conference between the intelligence officers and Prime Minister Leopoldo Calvo-Sotelo and his ministers military police, escorted in each case by a general, arrested Colonel Muñoz at his home then took in his collaborators, Colonel Jesus Crespo Cuspinera and his brother Lieut Colonel Jose Crespo Cuspinera All three, members of an artillery unit stationed near Madrid, were later charged with 'military rebellion' search of their homes revealed detailed maps and plans

A government source close to the investigation said he believed the active plotters amounted to no more than 30 officers. It is estimated that while only 5% to 10% of the Spanish officer corps could be considered hard-core fascists, as many as 85% are sons of former officers or noncommissioned officers and feel a strong sense of loyalty to their fathers and comrades. As a result, many of them might have been cajoled into following the leaders of a coup if such a power grab showed signs of being a success. At the same time, said a government official, a majority also would accept, however reluctantly, a Socialist government in Spain Said Director of State Security Francisco Laina "If the army, as an institution really wanted a coup we would not be here preparing for general elections at this moment " Indeed, Spain's Supreme Military Council, composed of the eleven senior officers of the armed forces, met in an extraordinary session to denounce the conspiracy The vast majority of the military, the council said, is loyal to King and constitution Socialist Leader González agreed To succeed, he said, a coup in Spain would have to have external as well as internal interests behind it, and "in Spain there is no sector, either national or international, that can feel itself injured by democracy '

Off to a Flying Start

Kohl inspires confidence abroad but raises fears at home

lanked by blue-uniformed honor guards, their swords drawn in salute the tall, heavy-set man marched briskly up the steps at the entrance to Paris Elysee Palace and amiably pumped the outstretched hand of his host French President François Mitterrand For Christian Democratic Leader Helmut Kohl, 52, it was the first encounter with a foreign head of state since he became West Germany's sixth Chancellor on Oct 1, replacing Helmut Schmidt and ending 13 years of Social Democratic rule in Bonn On his first official day in office Kohl lost no time making his substantial 6-st 4-in, 230-lb presence felt in Paris, as he put it, "to demonstrate to the world the continuity and viability of the West German government '

Kohl and Mitterrand, accompanied by their Foreign Ministers Hans-Dietrich Genscher and Claude Cheysson, as well as French Premier Mauroy, retreated to the small presidential dining room for a working dinner Mitter and treated his guests to lobster, saddle of lamb, sherbet and Château Cos d'Estournel 1979 Unawed by the company or the legendary Elysee cuisine, the bluff, bespectacled Chancellor warmed to his subject continued good relations between Paris and Bonn At one point Kohl reminded his listeners that a Christian Democratic predecessor, Konrad Adenauer, had joined Charles de Gaulle in laving the cornerstone of Bonn's European policy with the Franco-German Treaty of 1963 Said a senior French official who was present "Kohl looks as if he s been meeting heads of state all his life

The visit was the most dramatic venture of a strenuous first week in office for Kohl It had begun earlier the same day when the new Chancellor formally took office during a transition ceremony at Bonn's black steel-and-concrete Chancellery on the Rhine In quick succession, he swore in his 17-member Cabinet, presided over his first press conference and left after 30 minutes to catch his plane to Paris As Genscher went on to New York City to meet with U.S. Secretary of State George Shultz and Soviet Foreign Minister Andrei Gromyko at the UN, Kohl headed back to Bonn for a round of meetings designed to lay the foundation for his new economic policy, a crucial element in the government's plans to consolidate power before national elections tentatively scheduled for next March 6

Kohl's frenetic pace seemed designed to help erase his reputation as an easygoing provincial politician But there was a deeper reason for last week's burst of activity the coalition of Kohl's Christian Democratic Union (C D U), its Bavarian sister party, the Christian Social Union (C S U), and Genscher's tiny Free Democratic Party (F,D P) has been stung by

public disapproval of the way it came to power for the first time in West Germany's postwar history, a Chancelloi had come to office not through elections but by means of a parliamentary maneuver the so-called constructive vote of no-confidence (in which a Chancelloi can be ousted by the legislature if it names a replacement at the same time) As a result, the Kohl government started off on the defensive Indeed, it was almost immediately mired in bitter controversies over initiatives to revive West Germany's flagging economy and reduce the number of foreign workers in the country



Chancellor Kohl, right, and his French host
"Agile chatty and a Francophile

Kohl seemed very much in control as Schmidt, visibly fatigued and surrounded by advisers close to tears formally turned over the powers of his office during the transition ceremony The new Chancellor complimented Schmidt on his "patriotic performance' and added "The way you have arranged this transition has something to do with democracy and dignity" In his press conference, Kohl tried to set an upbeat tone for his administration. He promised to follow through on meetings with foreign leaders arranged by the Schmidt government and emphasized continuity in foreign policy To underscore the last point. Genscher who served as Foreign Minister in the Schmidt government until resigning last month, sat at Kohl's side In relations with the US, the Chancellor vowed, Bonn "will be a solid, trustworthy partner" He added that positive relations would have nothing to do with dependence

On the domestic side, Kohl tried to set the stage for planned cuts in West Germany's massive welfare system by calling for a 5% salary cut for himself and his ministers. Said he We will be demanding sacrifices of everyone in the government. I think it is good that the Cabinet should set an example. The governing coalition, said Kohl, would find a way to hold elections as scheduled on March 6.

When Kohl announced the members of his Cabinet there were few surprises The ministers closely reflect the makeup of the Bonn coalition with nine Christian Democrats, four Free Democrats including Genschet and former Economics Minister Otto Lambsdorff and four members of Franz Josef Strauss's CSU Of all the appointments perhaps the most startling was that of Friedrich Zimmermann, 57 a longtime Strauss crony Zimmermann is known for his hard-line anti-environmental and pronuclear views and for his involvement in a 1960 influence-peddling scandal in Bavaria that earned him a four-month suspended sentence for perjury later overturned on appeal. As Interior Minister Zimmermann will handle such sensitive matters as internal security, environmental protection nuclear policy and responsibility for West Germany's 46 million foreigners. His appointment drew a storm of outrage Said Lucas Beckmann a spokesman for the environmentalist antinuclear Greens-Alternative List in Bonn It's a scandal that a man who was acquitted of perjury on questionable psychiatric opinion has become Intenor Minister

Immermann quickly stressed the Internating queek, need to reduce the number of West Germany's Gastarbeiter or guest workers, especially the 1.5 million Turks The issue has sparked much controversy at a time when some 18 million West Germans are unemployed His statements echoed Kohl's sentiment that 'the number of foreigne,'s cannot remain at its current level " I hough he has yet to make a specific proposal Zimmermann is said to favor some kind of compensation to entice foreign workers to return home. The issue is a potent one if the coalition can put forward an acceptable plan to reduce the number of foreigners in time for elections, it will strengthen its hand considerably for the campaign Turkish leaders were quick to decry Bonn's new initiatives Said Labor Minister Turhan Esener in Ankara 'The question of Gastarbeiter cannot be solved by arbitrary decisions "

Like Zimmermann, other members of the Kohl Cabinet seemed intent on projecting the image of a team that was wasting no time getting started. Their all-too-apparent stratagem to put the worst face on the economic and political state of affairs they inherited from Schmidt and the Social Democrats. Said Gerhard Stol-

World

tenberg 53, the Minister of Finance "We are working with the mistakes from 13 ars of SPD domination Some things are not even correctable. Unfortunately unemployment will climb to over 2 million. That is the worst legacy left us "Labor Minister Norbert Blum, 47, boldly proposed a six-month voluntary wage freeze to supplement the government's plan to postpone a 56% hike in pension benefits during the first six months of next year. Said Blum. 'The postponement in the welfare sector sets a standard What is demanded from widows cannot escape wage negotiators.

The reaction of West Germany's usually docile trade unions was anything but quiescent One union aide called Blum's remarks 'economic swordplay" Linst Breit leader of the 8 million-member Deutscher Gewerkschaftsbund the major trade union confederation flatly rejected the idea of a wage freeze as totally unnegotiable,' arguing that the measure would reduce consumer purchasing power and thus demand Scoffed Breit On the other hand, a lot will be given to the businessmen in sheer hope that they will create jobs. The union leader dismissed Kohl's plans to require a 5% loan to the government from West Germans who make more than \$20,000 a year as 'an attempt to camouflage injustice." A meeting between Breit and Kohl last week was described as 'cool

Business leaders also met the coalition's economic proposals with measured skepticism. Said Professor Rolf Rodenstock president of the Joint Committee for German Industry and Commerce. A wage freeze is for many reasons, not a pillar of wisdom. Rodenstock conceded however that the key to the Kohl government's approach would lie in winning public confidence. "All he can say in such a short time [before elections]," Rodenstock said, "is "Give us a chance to realize what we think is necessary. I think this could be very effective."

With unemployment expected this winter to hit 25 million, or nearly 9% of the work force, the new government will be under enormous pressure to show results for its economic program in the brief period before elections Zimmermann's appointment is virtually certain to bring Kohl under fire from the left wing of the SPD and the disparate leftist forces represented by the Greens, whose recent successes at the polls have given them a newly important voice Says Hans Jurgen Schmahl, of the Hamburg Institute for Economic Research "The problems facing Kohl are serious. It will take time to solve them " The government's economic measures will be formally revealed this week when Kohl makes his first policy address before the Bundestag Unless parlrament firmly endorses the program. Kohl's frenetic first week may well set the pace for an administration increasingly in a race against time ---By Russ Hoyle. Reported by Gary Lee and John Moody/Bonn

NORTHERN IRFLAND

Slanging Match

A doomed plan for conciliation

was known, privately to be cool to the plan Irish Prime Minister Charles Haughey publicly declared it to be unworkable About 30 Conservative members of the British Parliament rebelled against the idea Even Britain's Secretary of State for Northern Ireland James Prior is suitably modest about his quixotic quest for conciliation between the bitterly divided Protestant and Roman Catholic communities in Ulster Says he 'I don't expect to come here and within the space of a year put right the sins and omissions and prejudices of 300 years of 600 years

By quiet perseverance, though Prior did win over Thatcher and Parliament to his scheme for a new 78-seat assembly in Belfast to be composed of elected representatives from both religious communities. On condition that 70% of the



Worker protests De Lorean closing

Unemployment is 22 3% industry is fading

members accept cross-community cooperation, the Prior plan envisaged that the new body would be granted limited powers to govern Northern Ireland under British supervision. But as the Oct. 20 election neared, it was clear that Prior's plan appeared doomed even before the vote.

Of the 184 candidates, about half, from the Protestant side are pledged to reject Priot's prerequisite of power sharing More than 40 others all Catholics are equally committed to boycotting the new assembly One candidate, a follower of hard-line Protestant leader the Rev Ian Paisley is still recovering from gunshot wounds inflicted in a terrorist attack last month Against such a backdrop of suspicion and fear and a toll of 2,227 lives over the past 13 years, the chances of even a small step toward conciliation seem remote indeed

From London's point of view, perhaps the most disappointing response to Prior's

initiative has come from the mainstream Catholic Social Democratic and Labor Party While reluctantly participating in the election, the SDIP has vowed to boycott the assembly once it is elected Says the party's campaign manifesto "Out main objective is to bring about the abandonment of these dangerous proposals' Concludes Party Leader John Hume The assembly cannot lead to peace and just another slanging prosperity match' Hume contends that Prior's plan fails to recognize the long-standing aspiration of the Catholic-based parties to have closer links with the Irish Republic

Catholic condemnation is mirrored by Protestant candidates' campaigning to reject Prior's plea for cross-community agreement in the new assembly Paisley describes Prior as "another Westminster politician who scrapes and bows to the politics of Republican blackmail and boycott' The Democratic Unionist Party is hoping that the Protestants' 2-to-1 numerical superiority over the Catholics will give it an impressive majority in the legislative body Barnstorming across Ulster, Paisley has been saying that the new assembly can "put back power in the hands of Unionists" That is not acceptable to Prior and the British government They are determined to avoid a return to the 1921-72 Ulster Parliament, which was dominated, through simple majority rule by the Protestants Northern Ireland has been under direct rule by London since 1972

Prior has tried in vain to persuade Ulster's political leaders to swallow some of their differences in the larger interests of the province One major problem is the economy Unemployment has reached 22 3%, quadruple the rate eight years ago and 10 percentage points above the average in the rest of Britain Industry is literally disappearing. The province is strewn with deserted textile mills. The once promising De Lorean Motor Co is in receivership. In many cases, the areas most afflicted by unemployment are the ones that have experienced much terrorist violence such as Strabane (one out of two males are jobless) and the large Catholic neighborhood of West Belfast

In the face of intolerable levels of unemployment, Prior uses the plight of industry as an argument for community agreement He asks. When are we going to face up to the reality that this condition is going to persist and get worse unless we try first to accept that there is a problem and then deal with it in a rational, 20th century manner?' The sad answer, of course is that the centuries-old problem evokes ancient irrational responses in Ulster Next week's election has already been sabotaged by suspicion on all sides but Prior is preparing for a longer haul Says he "I don't think if this fails it will necessarily be the end of the line, but it's going to be that much more difficult to take a sensible initiative again "

A Step Toward Freedom

Gemayel takes charge amid hopes that foreign forces will leave

to the war-weary residents of West i Benut the operation had all the marks of another invasion. Just before dawn Tuesday morning armored cars and personnel carriers rumbled toward dozens of intersections in the downtown area They sealed off three neighborhoods including the heart of the commercial and banking area barring all persons except doctors journalists and food-store operators Soldiers went from house to house checking identity papers and searching for weapons and ammunition By week's end the army said it had arrested an estimated 500 people, mostly for being in Lebanon illegally, and uncov-

Saeb Salam a former Prime Minister and a respected spokesman for I ebanon's Muslim community, welcomed the Lebanese army's assertion of control Said he "We have been through such a dreadful experience in the last few years that people want someone to take charge"

The roundup began only one day after Gemayel had reappointed Chafik al Wazzan 57 a soft-spoken Muslim lawyer as Prime Minister. In accordance with an unwritten 1943 accord, the President is always a Maronite Christian and the Prime Minister is a Sunni Muslim. Even so Wazzan's appointment was a reassuring sign to Lebanon's Muslims including the



Lebanese army troops round up a truckload of men in West Beirut for questioning

The most visible indication yet that the government intends to assert its authority

ered more than 300 tons of ammunition

This time however the troops fanning out in the city represented none of the forces that have tried to impose order on West Beirut in the past six years. They were not Israeli Syrian or Palestinian. Instead, they were from the 22 000-strong Lebanese army, which since the 1975-76 civil war has rarely dared appear in West Beirut. Last week a security sweep was the most visible indication, yet that the government of newly elected President Amin Gemayel is intent upon asserting its authority over the capital.

As the mopping-up operation went on the US, I rance and Italy, which sent the 3 960-man peace-keeping force to Lebanon warned the Gemayel government not to violate anyone s civil rights. But there were few complaints from the civilians Said a senior Western diplomat who monitored the crackdown. On the whole, it was a humane and disciplined operation."

Palestinians who are wary of Christian rule During the siege of Beirut Wazzan earned the admiration of his fellow Muslims for his defiance of the Israelis

Paradoxically, another encouraging sign developed last week out of an act of violence Unidentified gunmen ambushed an Israeli bus only six miles southeast of Beirut on the main highway to Damascus killing six Israeli soldiers and wounding 22 The next morning in apparent retaliation Israeli jets destroyed a Syrian SA-9 truck-mounted missile battery at Dar al Baideh, 20 miles east of Beirut

But by Israeli standards, that response was relatively mild Israeli officials, who in the past have been quick to show that any provocation would invite massive retaliation, said that they attacked the site because they will not tolerate the presence of any Syrian antiaircraft missiles in Lebanon, not because of the ambush The deliberately low-key response reflected

what seems to be a subtle but significant change in Israeli policy. The limited action, many Israelis felt, stemmed from the massacres in the Palestinian camps in Beirut three weeks ago when Christian Lebanese forces slaughtered at least 400 people. The evidence that some elements of the Israel Defense Forces had collaborated with the invasion of the camps has had a sobering effect on Israeli society.

In Washington Administration officials were mildly optimistic that an agreement would soon be reached to remove all foreign aimies from Lebanon some 5 000 to 6 000 PLO guerrillas and 30,000 Syrian and 70,000 Israeli troops Special Envoy Philip Habib and others were working on a detailed plan for phased withdrawals that will be presented to Israeli Foreign Minister Yitzhak Shamir this week in Washington But many obstacles must be overcome. Last week Syrian President Hafez Assad informed Habib and his deputy in the Middle East U.S. Ambassador Morris Diaper that Israeli forces would have to withdraw first In the past the Israelis have insisted that the PLO and Syrian forces had to depart before they would pull out Israel however is unlikely to leave until it has obtained guarantees that its northern border will not be attacked from southern Lebanon Despite the Lebanese army's activity in West Berrut last week the Israelis have little faith in its ability to maintain security throughout the country 'It's not an army' says a member of Prime Minister Menachem Begin's staff, it's a name US officials believe that the Israelis would like expanded multinational units to patrol southern Lebanon or better still a US force Says an Administration official The US is an obvious candidate

A fter reviewing his options with Secretary of State George Shultz in California over the weekend. President Reagan will become actively involved in the process of restoring Lebanon's independence. A few days after seeing Israel's Shamir he will welcome Gemay el to the White House. In the hope of drawing Gemayel close to the U.S., Reagan may office aid for the reconstruction of Beirut as well as continued material support for the Lebanese aim w. But the most challenging diplomatic task for the U.S. will come in November, when Begin is scheduled to travel to the U.S.

The attempt to achieve a quick removal of Syrian and Israeli forces from Lebanon has, to Reagan's dismay, sidetracked the Middle East peace plan he announced on Sept 1 Admits a White House official 'Lebanon is the essential issue to get solved before we can go on with the rest of the peace process. The dilemma as Lebanese Prime Minister. Wazzan noted last week, is that Lebanon will never be truly stable and independent until there is a comprehensive settlement of the key Palestiman problem And such a settlement, whether proposed by Reagan or anyone else remains far out of reach --- By Henry Muller. Reported by David Alkman/Jerusalem and Roberto Suro/Beirut



More concentration camp than sanctuary: Vietnamese "land people" share cramped quarters at Thailand's NW 82 refugee center

THAILAND

Waiting in Hope and Despair

Indochinese "residuals" find they have no place to go

The exodus of retugees from Indochina | There are not enough lattines. The rainy is a story of broken lives broken dreams and broken promises. Since the fall of Saigon seven years ago almost 500 000 hoat people have passed through Southeast Asia to find new homes mostly in the US Western Europe and Australia But anoth er 175 000 refugees from Viet Nam Laos and Cambodia still languish in camps in Thailand Because so many of them lack the skills deemed essential for resettlement elsewhere they have come to be known as residuals or people with no guarantee of movement onward Beyond a doubt the worst refugee camp is NW 82 a tropical purgatory 16 miles north of Aranyaprathet a town on the Thai-Cambodian border UN officials are not allowed a permanent presence in the heavily guarded enclosure Relief workers who deliver food and medicine are prohibited from carrying cameras TIML Bangkok Bureau Chief David De-Voss was the first foreign correspondent permitted by Thai authorities to look inside NW 82 His report

t looks more like a concentration camp than a refugee sanctuary A barren mud flat smaller than a football field it was originally designed to hold 800 people Today it is home to more than 1 900 listless Vietnamese land people' who singly or in family groups bribed their way across Viet Nam's turbulent vassal state of Kampuchea (Cambodia) Jumbled together inside 27 tents, each refugee has a coffin-size sliver of space 6 ft by 3 ft in which to rest and sleep Worse, new arrivals are housed in a series of bamboo tiers reminiscent of a 19th century slave ship

Several months ago the entire popu-Lation came down with scables. More reently respiratory infections have been a problem, especially for the camp's 400 children But the most serious malady is malaria Nearly everyone has it, and some have suffered six or seven attacks Says Tran Long 27 a former mathematics teacher from Saigon "Inadequate food and sanitation are our biggest problems

season turns the camp into a cesspool

Though it is surrounded by hostile anti-Vietnamese Khmer guerrillas and is within range of Vietnamese artillery inside Cambodia, NW 82 is not guarded by the Thai army That task falls to the local militia a sparsely equipped organization composed of previously unemployed peasants who are ill disposed toward their Vietnamese charges. Several of the refugee women claim to have been raped, and men say that beatings are common What is certain is that refugees who misbehave wind up spending the night in a red-painted bamboo 'tiger cage,' 3 yds long 2 yds wide and 1 yd high

Who is responsible for living conditions at NW 827 Thailand's Supreme Command insists somewhat disingenuously that it is the International Committee of the Red Cross (ICRC) The Red Cross vehemently denies any responsibility other than medical for the camp Nearly a dozen Western embassies in Bangkok have joined the ICRC in asking the Thai government to move NW 82 away from the dangerous malaria-infested border. But all the legations began to backpedal when the Thais said they would comply if the countries represented by the embassies agreed to resettle all 1 900 refugees within 45 days

hailand fears that it may be stuck with thousands like the residents of NW 82 During the first eight months of this year 24 123 refugees were resettled compared with 70 395 during the same period in 1981 Last month Prasong Soonsiii secre tary-general of Thailand's National Security Council summoned ambassadors from nine Western countries and Japan to issue an ultimatum if they did not honor their commitments to resettle Indochinese refugees Thailand would forcibly repatriate them in six months

Prasong is particularly angry at the US, which cut its quota for Indochinese refugees from 168 000 in 1980 to 100,000 in 1981 In the end the US took in 73,000

As Prasong told TIMI Thailand never set regulations or limits. We let those people in because you promised you would help resettle them

What has happened is that the US Immigration and Naturalization Service has tightened qualifications for refugees Says one Bangkok-based official 'Someone who was a refugee in 1976 might not qualify as a refugee in 1982. A person must be able to show he has a good reason to fear prosecution Conjecture is not enough ' Given rising US unemployment and the high percentage of Indochinese refugees who eventually go on welfare the Reagan Administration has shown little interest in changing that policy but some State Department officials think that their colleagues in INS should be more flexible. Although the U.S. promised to resettle 31 000 Cambodians immigration officials have since rejected nearly half the refugees

Thailand has also contributed to the problem through its policy of human deterrence. In an effort to make the country so unattractive a sanctuary that would-be refugees will stay at home the Bangkok government has decreed that no refugee arriving after August 1981 can leave for resettlement until every refugee who arrived previously has been moved out. The policy has proved a perverse punishment for many Laotians and Vietnamese who reached Thailand during the past 13 months and would meet American immigration requirements because they worked for the U.S. during the war years or have relatives in the U.S.

While all concerned parties stand on principle conditions in NW 82 continue to deteriorate. Nonetheless despite the harsh conditions most Victnamese say they prefer living in NW 82 and taking their chances along the border rather than returning to Viet Nam Indeed more than 600 land people cluster around hospitals in three border camps hoping to get into NW 82 Says Nguyen Quoc Khanh 41 a former lieutenant in the South Vietnamese army whom the Communists sent to a jungle work camp for three years If we can get into NW 82, perhaps we can eventually get on a resettlement list

If you lived in South Viet Nam, you would understand why people have to flee If it takes three years I will wait

Murder by Remote Control

The Tylenol case brings calls for tamperproof packaging of drugs

t was more than a tantalizing mystery, more even than random terioi. The Tylenol murders had the true Kafkaesque quality of a nightmare become real, of vague dreads taking on form and solidity in cold daylight. Such thoughts gripped Americans last week as poison scares spread around the nation, seemingly promising leads dissolved, and the hunt for the person who had put the cyanide into capsules of Extra-Strength Tylenol that killed seven people in the Chicago

area two weeks ago made little progress

As in a nightmare, the most routine, innocent action-reaching for a painkiller to relieve a headache, cold or upset stomach, something that Americans do millions of times every day-had become fraught with menace Suddenly one of the small bonds of unconscious trust that hold society together had snapped people could not look at the ubiquitous bottles of pills on their medicine shelves in quite the same way again (see ESSAY)

By week's end Johnson & Johnson, the maker of Tylenol, stopped all production in capsule form of what had been the nation's top-selling painkiller, and urged druggists across the country to remove all Tylenol capsules from their shelves That left Tylenol available only in tablet and liquid varieties Even as Tylenol capsules piled up in warehouses. Johnson & Johnson and other drug

companies were grappling with an even more difficult, expensive and far-reaching problem how to package over-the-counter medications to minimize the chances of tampering Said Arthur Hull Hayes, commissioner of the Food and Drug Administration, which is hastily drafting new packaging regulations "Within a week, we'll know what options are available to us "However, he added in a statement that was very far from reassuring, "it is important to make clear that a tamperproof package is not possible"

The victims could have been anybody They had been murdered by remote control, by a poisoner who had no way of guessing in even the most general sense who his victims might be—men or women young or old—and could not have cared Six bottles of cyanide-poisoned Tylenol were found in five drugstores and one supermarket, one store was in north Chicago, but the others were in communities in the western suburbs, strung out along a rough north-south line near Illinois State Route 53 The investigators' chilling theory the murderer had driven

some place other than the Chicago area too In addition, authorities feared there might be copycat poisonings by deranged people looking for a perveited sort of glory Said Arthur Schueneman, senior clinical psychologist at Northwestern University's Rehabilitation Institute. We can expect to see a number of recurrences of this type of thing just as we saw airliner hijackings come in clusters.

Not surprisingly, sales of painkillers of every soit slumped Poison-control cen-



warehouses. Johnson & Lab workers in Chicago analyzing some of the 2 million capsules tested so far for cyanide

along 53, turned off at randomly selected points and placed one bottle of poisoned capsules in each store, to be bought by the next or third or 15th man, woman or child who walked in seeking relief from minor distress

Worse, at week s end the killer was still at large He or she might or might not be insane, but either way was a coldly calculating planner Said one investigator "He is probably sitting back to admire his awful handiwork, savoring our frustration. The obvious fear is that if we don't catch him quickly, he will do this again, maybe with another product." Maybe

ters around the country were flooded by calls from jittery citizens. Police all over the U.S. looked with extra care into every case, new or old, that might conceivably be related to the Chicago-area poisonings. Results a number of false alarms that for a time looked like either similar cases or a promising leads.

▶ In Oroville, Calif Greg Blagg, 27, a butcher in a meat market owned by his father, told a strange story He said that on Sept 30, the same day that the first Chicago-area poisonings became public knowledge, he had taken three capsules of Extra-Strength Tylenol from a bottle that his

wife Terry had two weeks earlier 'Everything became very blurry' he related 'I'mitold-d'passed out and became real rigid. Terry got him to a hospital. where he was treated for four hours and en released at his own request Back home Blagg related, he switched on the TV and caught reports of the Tylenol deaths near Chicago. He took apart some capsules from his own bottle found pink flecks in the powder and the next moining turned the bottle over to his physician John Clay for analysis That evening, Greg and Terry returned to the drugstore where the first purchase had been made found Tylenol still on sale and bought two more bottles, they discovered more pink flecks in the capsules. Last week word came back from laboratories in Rockville, Md and San I rancisco strychnine commonly sold as a rat poison was found in the capsules though in quantities too small to kill a human

By week's end strychnine had been found in one more Tylenol bottle still in stock in the Oroville drugstore but no-

cide, largely on the strength of a note Pascual had mailed to his mother in Arlington Va ('Dear Mom It wasn't your fault It was mine all mine') At the time, analysis of three Tylenol capsules from a bottle found in a shoe in the closet uncovered no poison but analysis last week of the remaining capsules which were still in police storage, did turn up cyanide. For a day or so hope grew that the case might become an important lead to the Chicagoarea deaths almost six months later. But investigators soon concluded there was no link. Philadelphia police saw no reason to change the ruling of suicide.

▶ In Figin III police returned to the parking lot of a Howard Johnson's restaurant and motel where two officers had discovered discarded bottles of Extra-Strength Tylenol a day before the poisonings. The policemen in the interval had become mildly ill with symptoms that were similar to those of cyanide poisoning. Elgin officers found that the bottles had been broken by the wheels of cars, and powder was scattered on the ground.

newspapers it implied that there would be more poisonings if this were not done. In vestigators identified the sender as a Chicago stockbroker, name undisclosed who had been a customer of Continental Illinois and had suffered heavy losses in the market. On Friday Illinois Attorney General Tyrone Fahner, who is directing a task force of more than 100 federal state and local investigators, stated flatly that the letter "was not sent by the killer or killers. It apparently pointed to no more than an attempt to capitalize on the Tylenol poisonings."

▶ In Wyoming, investigators thought they just might have found the poisoner's first victim Jay Mitchell 19, of the town of Big Horn, failed to turn off the alarm clock that he had set to buzz at 6 30 a m on July 26, his father tried to awaken him, but voung Mitchell was dead Tissues from his body were sent for analysis to a busy laboratory in Utah which concluded a month later that Mitchell had died of cyanide poisoning Reviewing records last week and checking with authorities in Chicago Pa-

thologist William Doughty, of Sheridan County Memorial Hospital, who had been consulted in the baffling case found that the level of evanide had been about the same as in the bodies of the seven Illinois victims Doughty also determined that Mitchell's mother had bought Tylenol possibly (her memory is hazy) from a local outlet of the Jewel chain which also owns one of the Chicago-area stores where poisoned capsules were found two weeks ago Investigators flew from Chicago to Wyoming over the weekend to probe further but the trail is very cold His older brother thinks Mitchell took Tylenol from a bottle in the kitchen four hours before the unanswered alarm buzzed but the Utah lab last week found no Tylenol in blood and urine samples that it had retained from Mitchell's body, which had earlier been cremated The family long ago discarded the Tylenol bottle and the two or three cap-

sules it contained

All last week, Fahner held twice-daily news conferences before TV cameras that made him the nation's latest instant celebrity. Those conferences became steadily less hopeful as the week passed. At first Fahner announced that the task force was progressively narrowing its list of suspects from an initial 20 or so to eight or nine by midweek. After that he stopped giving numbers, apparently because any further narrowing of the list would have brought the total embarrassingly close to zero. I ate in the week, Fahner conceded that the task force, despite conducting more than



FDA Chief Hayes telling newsmen in Washington that "a tamperproof package is not possible"

where else in the country Investigators were wondering about the wild coincidences involved in Blagg's story. If it is true, he and his wife had bought the only bottles of strychnine-poisoned Tylenol purchased by anyone Investigators doubted there had been either an attempt at a copycat murder or any link to the Chicago poisonings.

▶ In Philadelphia, police reopened the case of William Pascual, a 26-year-old graduate student at the Wharton School of Business, who had been found dead of cyanide poisoning in his apartment last April 3 His death had been ruled a sui-

It was analyzed No cyanide, no strychnine and, investigators reluctantly concluded, no leads either

▶ In Fort Washington Pa, a letter turned up at the offices of McNeil Consumer Products Co the Johnson & Johnson subsidiary that makes Tylenol, it had been forwarded from the Johnson & Johnson headquarters in New Brunswick, NJ, because the word Tylenol had been written on the envelope The letter demanded that the manufacturer pay \$1 million into a postal box at Continental Illinois National Bank and Trust Co in Chicago, and according to Chicago

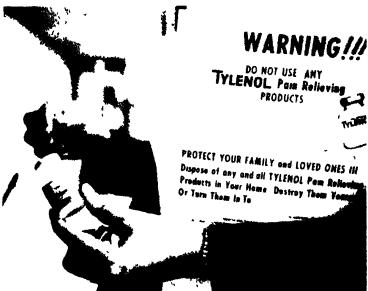
United States

1,000 interviews and testing 2 million Tylenol capsules, was "not close to an arrest" Said another investigator "We are not hot We are not even warm

Small wonder sleuths had only the haziest idea of what kind of person they were looking for The Tylenol poisonings were so different from the patterns of other mass murders that experts in criminal psychology could offer little about the killer's personality and motive (see box) Investigators were reduced to such expedients as asking pharmacists whether they had noticed anyone "acting strangely" in their stores

main how to protect the pub-

lic against deranged people who might follow his ghastly example. The FDA was not the only agency determined to tighten up packaging rules The board of commissioners of Cook County, which comprises Chicago and some of its suburbs, last week passed a local law that will require seals on all nonprescription drugs sold in the county 90 days from now In Chicago proper, Mayor Jane Byrne proposed a tougher ordinance that would also apply to some cosmetics, and said, "I think we're going to have to go further and deal with food products too "Secretary of Health and Human Services Richard Schweiker, the FDA's boss, was openly worried that such local laws would create "a nightmare" of over-



Whenever the poisoner is Volunteer distributing warnings to tenants of a Chicago housing project caught, the problem will re- All the leads that at first looked promising seemed to fizzle out

lapping and conflicting regulations if the Federal Government does not quickly set rules covering the whole US

Several simple and time-tested methods exist that could make drug bottles more resistant to tampering Perhaps the most common device is an aluminum or waxed-paper seal covering a bottle's opening, like those that have long been used to protect the freshness of vitamins and instant coffee If the seal is broken a buyer is alerted that the product could have been contaminated Drug capsules also could be put into so-called blister packs that is encased in sheets of plastic, with each capsule in its own bubble. Another safeguard might be to enclose medicines in one-piece scapsules that are difficult to pull apart

WARNING /// None of tires of the cyst 20 sive Aluminum seals cost 2¢ apiece at most, and the machine used to attach them to bottles sells for only \$9,000 But it could be three or four months before the drug industry can gear up to produce new containers Even then, as FDA Commissioner Hayes notes, none of the methods is foolproof Packaging experts admit, for example that a careful criminal with a razor blade and a bit of glue could remove and replace an aluminum seal seemingly intact

Whatever might be done, how long will it take before, public confidence is fully restored in nonprescription drugs generally, and Tylenol

specifically? Though the Tylenol capsules apparently were poisoned after they left its control, Johnson & Johnson is stuck with a product that has become scared into the public mind as a cause however innocent, of death. The company is offering to take back all 22 million bottles of Tylenol capsules now in stores and homes and exchange them for pills or liquid

The company as a whole doubtless will survive and even prosper Johnson & Johnson makes all manner of sanitary products that have become consumer bywords Among them Band-Aids Stayfree maxi-pads, Ortho-Novum oral contraceptives many baby products Tylenol accounted for only \$400 million of the com-

Portrait of a Poisoner

urder most foul," wrote Shakespeare of the poisoning of Hamlet's father, the King of Denmark, "most foul, strange, and unnatural" Even William Shakespeare might have trouble imagining a crime fouler, stranger and more unnatural than the Tylenol poisonings in Illinois "This killer is so unusual," says Clinical Psychologist Samuel Roll of the University of New Mexico, "that our guidelines just don't work"

Who could be capable of such an act? What does the murderer hope to gain? What are the causes of such deranged behavior? These are the questions occupying police, psychologists and psychiatrists as they try, mostly without success, to form a psychological portrait of the poisoner

Psychologists and psychiatrists agree on only a few points, and even these are highly speculative First, the murderer is likely to be a loner, isolated and unnoticed, with few if any friends He is probably low in self-esteem, paranoid and hypersensitive, taking offense at real or imagined slights from those around him

Unlike the textbook-case mass murderer, who is often a paranoid schizophrenic, the Tylenol killer is apparently not disabled by delusions or incapacitated by hallucinations. Indeed, the killer's ability to handle cyanide and put it into small capsules indicates that he is meticulous, well organized and scientifically acute Says Dr Shervert Frazier, chief psychiatrist at McLean Hospital in Belmont, Mass "He knows how to carry out actions in a goal-oriented, purposeful way "

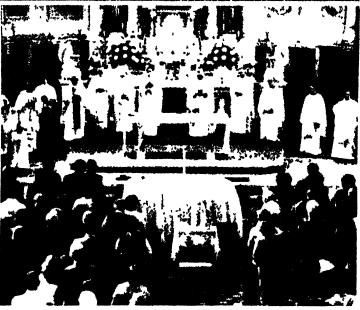
Psychologists suggest that the killer is a "borderline" personality, someone who can function nearly normally in the dayto-day world Like John Hinckley, who was also described as 'borderline," the Tylenol killer can appear outwardly conventional He may undergo transient psychosis intermixed with healthy intervals Herbert Quay, professor of psychology at the University of Miami, notes chillingly "My guess is that there are people around the killer right now who think he or she is odd, but not a threat to their lives '

According to Chris Hatcher, a psychologist at the University of California, San Francisco, the personality of the arsonist or bomber, rather than the mass murderer, may be the most appropriate model for understanding the Tylenol murderer "Other killers," he says, "have a certain satisfaction in stalking their victims But this is a much more technically oriented crime; the killer does not perceive as clearly the actual death of his victims." Who gets killed appears to be a matter of indifference. Even gunmen like Charles Whitman, who killed 16 people from his perch. in a Texas tower in 1966, have more direct contact with their victums Rarely have the time and distance between murderous act and deadly result been greater Anonymous poisoning is a remote-control crime, allowing the killer to feel omnipotent by rendering the public terrifyingly powerless.

pany's 1981 sales of nearly \$54 billion, which ranked J&J No 68 on the FOR-TUNF 500 list of the largest **US** industrial companies Some Wall Street analysts now guess that the expense of recalling all Tylenol capsules will cause the company to report a loss for the current quarter but add that even so company-wide profits for all 1982 should be only a bit below last year's \$467 6 million (about 17'c of that came from Tylenol) Still J&J stock fell from \$46 125 a share just before the poisonings to as low as \$39 last week and closed at \$42 125, though the market as a whole was soaring

mmediately Johnson & Johnson will have the Friends and problem of fighting off The poisone lawsuits. At least four were filed last week. Three brought by members of the families of people who died after taking cyanide-laced Tylenol ask for damages totaling \$35 million. The fourth is a class-action suit brought by

Meile Kusner of Highland Park III demanding refunds for everyone who bought Tylenol products in the entire country this year - maybe \$600 million including retail markups estimates Kusner's lawyer Generally the suits accuse Johnson & Johnson of failing to package Tylenol in a tamper proof manner. Attorneys who are expert in product-liability law think that Johnson & Johnson will be able to convince the courts that it could not have been expected to anticipate and guard against



Johnson will have the Friends and neighbors mourning three victims at funeral Mass in Chicago problem of fighting off The poisoner could not know and did not care whom he might kill

the acts of a putative madman. But they add that the company is likely to incur expenses i unning into the millions in defending itself.

Longer-range there is the awesome problem of re-establishing a product that had enabled Johnson & Johnson to win 37% of the entire \$1 billion-plus market in nonprescription painkillers last year νs a mere 4% in 1976 Company officials would say nothing last week about their future marketing plans for Tylenol

On Wall Street Hal Chefitz an analyst with the biokerage firm of Gintel & Co voiced a widespread view Said he Use of the name Tylenol is dead "Advertising executives who have more than a

passing interest in the subject-it was aggressive adver tising and promotion by Johnson & Johnson that catapulted Tylenol into its lead position—were not so sure Several thought that J&J, which advertised Tylenol only to physicians as recently as 1975, could capitalize on the solid reputation that Tylenol has built among many doctors Says Louis T Hagopian, chief executive of N W Ayer, one of the nation's largest ad agencies "I would be thinking about relaunching Tylenol with new packaging that would be very fail-safe [But] I would also have a group working on the side on a similar product with a totally new name

The future of Tylenol, however is hardly the nation's most pressing concern A nameless killer is at large,

and he has not only the cunning to leave few clues but the twisted ingenuity to invent a new form of murder L ven after he is caught and convicted, if he ever is, the terror that he inspired is likely to live on, and with altogether too good reason There have been mass murders that were more brutal and claimed more victims But there have been few if any so exquisitely attuned to the anonymity and impersonality of modern urban and suburban life Paranoia is supposed to be an irrational fear but who can now say that it is silly to dread that innocent bottle of capsules? -By George J. Church. Reported by Lee Griggs/Chicago and Adam Zagorin/ **New York**

Although the individual may be expressing "global" or unfocused rage, he is far more likely to be obsessed by redressing a grievance. The grievance may be against the drug company, doctors, Tylenol users or even some specific individual. Unlike the Son of Sam, who terrorized New York women in 1976 and



The Mind Bomber smiles from behind bars

1977, he is not striking out against a particular type of victim, but an impersonal object or institution. According to Dr. Daniel Blazer, associate professor of psychiatry at Duke University School of Medicine, he may be a "disgruntled employee" with a 'deep sense of being wronged. "Like Mad Bomber George Metesky, who nursed a grievance against his former employer, Consolidated Edison, for more than 20 years, the Tylenol killer may be attempting to right matters according to his own perverted sense of justice and morality. He may even be trying to demonstrate the danger of buying pills over the counter. Says Blazer. "He may feel he is doing us a favor—thinking a few people can get hurt so that more people will be helped."

Psychiatrists argue persuasively that criminals actually hope to be caught, and it has been suggested that the Tylenol plot could unravel in a way that leads to the killer's front door. Says Dr Donald Greaves, chairman of the psychiatry department at Evanston Hospital "A significant number of killers secretly seek destruction They want the recognition and sense of fame they receive from their acts "Yet thus far the killer has left no clues, no letters, no hints, no demands, no hidden pleas for help "The fact that the crime is both grandiose and anonymous is not a contradiction in terms," says Dr William James, director of the Bridgewater State Hospital in Massachusetts, Only someone suffering guilt wants to be caught, yet if the killer is a sociopath, he feels no guilt. In that event, authorities know, finding him will be that much more difficult.

TIME, OCTOBER 18 1982 21

Inited States

ESSAY

The Maniac in the Balance

omething about the bottle about the bright red cap snappy as a frontier bonnet and the white cotton cloud showing through the translucent plastic and the label wide and snug, and the staunch lettering of LAIRA-SIRENGTH the whole shape of the thing comforting like an old-fashioned milk bottle or a VW Beetle it looks especially good in rows Something about the rows all the neat chunky boxes one after the other, facing forward like a drill team on the shelf Something about the shelf, third from the top, aisle B, toward the rear of the store about which there is also something, as there is about the street and the hour of the day, any day, and the headache or the sniffles

The ruminations get to you No, the Tylenol case is not quite like the Son of Sam killings or the Mad Bomber or the Atlanta murders and not only because these latest deaths are more random. There is something about the will involved the you involved, plucking the particular little pill box that your

hand has settled on, then standing politely in a row ready to pay for your medicine

The trouble with poison is that you take it yourself even when the murderer has spiked the gum on the envelope or when a Borgia has switched the wine It is the victim who does the actual killing That is why moviemakers focus so carefully on the glass of smoky milk jiggling on the silver tray as it progresses up the winding staircase toward the invalid wife. They know that we will want to follow the death instrument in the slowest motion to see it grasped eagerly or laconically at last to shudder. So one shudders picturing Stanley and Theresa Janus in Chicago a couple of weeks ago, stunned over the death of Stanley's brother Adam a few hours earlier, the couple sitting in despair at the kitchen table, about to reach for the Tylenol

Such gestures constitute normality Lucrezia Borgia in the days of wine In the millions and woven together

they combine to construct what we shyly call civilization, as does the work of the company that makes the pill the one that packs and distributes it the Government agency that examines and sanctions it, the store that stocks and sells it and so forth, all tied together by nettings in which life hangs as they say, in the balance Fascinating how easily that balance can be threatened. Fascinating too how it protects and sustains itself

At first hearing the story is outrageous confounding Do you actually mean to suy that some maniac has been filling Tylenol capsules with cyanide? Not that the wretched inventiveness of modern terrorism and science fiction have placed such acts entirely beyond the imagination. But we are not talking here about a bombing in a Bologna railroad station or of the Day of the Triffide This is American everydaydom, the casual course of events Alarmed, the mind skates hurriedly to the ifs If Tylenol why not aspirin? If drugs, why not food? October is the month for Halloween, after all The razor blade in the apple? The lamb chops, the soap, the Pepsis' We already had an eyedrop scare Hasn't the water tasted funny lately?

If such fancies took hold of our lives, rather than merely titillating our parlor conversations, the ensuing panic would be something to see Either we would head for the streets bearing clubs and torches, like the villagers in the Frankenstein movies, or we would bolt the doors like Howard Hughes letting our fingernails grow toward heaven in prayers for a germproof sterility That we do neither is as remarkable in its way as the Tylenol poisoning itself. The poisoning is, to put it mildly an aspect of extreme behavior. One might think that its antidote would also consist of extreme behavior. But instead, all the public does in response to this hitherto unseen monster is to rely on several old. familiar investigative mechanisms, the testimony of experts, the advice of the Food and Drug Administration, the news reports and of course, its own capacity to make sense of these things

All of which comes to fairly tame conduct when one considers that after ten days of the scare, the motives the scope and the murderer(s) remained unknown Yet there is an astonishing amount of pure wide-eyed trust that people give their social structures no matter how fragile they are shown to be. What the public has done in the face of this particular emergency is simply to shift its faith temporarily from the pillmakers and sellers to

several other social institutions, the Government, the police, the media. These institutions are hardly those that the public always believes in but in this case the shift seems understandable since there is nowhere else to turn if one wishes to avoid the extremes of chaos and catalonia

et there is more to these acts of trust than plain necessity. The poisoning of the Tylenol capsules proves how treacherous and uncertain is the world Nobody needs such proof. Everyone is too well aware of the shakiness of existence without the evidence of yet another maniac Still, we are perfectly able to live with such uncertainties. Indeed there seems a near infinite capacity to do so to go doggedly about our business in the presence of unknowns, including the unexpected menace and the undiscovered killer just as long as civilization remains intact. In a

sense, the certainty of our uncertainty creates our most durable bonds Exactly how tight these bonds may be stretched is severely tested by something like the Tylenol incident, and would be tested a lot more severely by say, a poisoning of the air or, for that matter, a nuclear war by anything for which there are no protective mechanisms in place. At that high level of danger it would most likely be every man for himself. One of the undercurrent impulses of the antinuclear movement in fact, may be the collective acknowledgment that the world does not work very well with every man for himself. It is precisely that feeling which cieates the links among the pillmakers, sellers, testers and users in the first place, a sense that life only progresses and avoids hysteria through various mutual dependencies, no matter how deli-

Hysteria is not the only extreme that societies avoid by these dependencies however, they avoid or at least reduce a general heartlessness and egocentricity as well Conventional wisdom has it that modern times have grown so savage, no one cares; about human life any more But the social structures by which one attempts to forestall death and panic would not be set up and maintained if human life had no real importance, not just your life but every life, all the lives standing in a row. The value of the maniac in our midst is that he makes this clear, makes clear the reliances, the selflessness the health—he who in his private hell seeks to poison the world -By Roger Rosenblatt



cately wrought

United States

Beating Gloom to the Punch

Reagan seeks to defuse the double-digit unemployment issue

Battle-ready Democrats could hardly wait for the announcement White House tacticians decided that the President should not wait at all Through the week, Ronald Reagan kept hinting at the impending news about unemployment hoping to blunt the bad tidings by heralding them Admitted a senior White House adviser "We ve drawn attention to it and it won t be a big surprise

It was no big surprise but it was disturbing On Friday the Labor Department said the unemployment rate last month climbed from 98% to 101% meaning that 11.3 million Americans are Junable to find work for the first time since 1940 the percentage of US unemploved reached double digits. Black unemployment crept above 20% and for blue-collar workers the rate jumped from 142° to 156° Among construction workers unemployment rose to 22 6% Friday was even given a nickname in advance Double-D-Day Said Richard Murray a University of Houston political scientist. This has been the most anticipated number in American politics I ve never seen so much ballyhoo

In one sense, the figure held more political than economic portent. After all 10 1% was a far cry from the depths of the Depression in 1933–24.9% of the labor force was out of work. But as a political rallying point, 10% is a memorably round number a bench mark of national economic distress that Democrats hope and Republicans fear might turn voters against the GOP in the elections on Nov. 2

The Democrats may have been rejoic-

ing in the opportunity to condemn Reaganomics but in public they appeared appropriately anguished and angry especially the would-be Presidents. In Los Angeles at a Bethlehem Steel plant the company intends to close former Vice President Walter Mondale told a crowd of steelworkers that 'we ve gone beyond fat We re into bone and muscle. Now unemployment is cutting deeply into the heads of households Massachusetts Senator Edward Kennedy was no less impassioned Said he This is a national tragedy and a national disgrace. How many dreams have been lost?

Reagan's principal defense was a grind-em-down offense. In a speech at the University of Nevada's Reno campus he said of his Democratic critics "Where were they when the economy first staited going haywire? What are they offering now except the same failed policies of the past? We're all paying the penalty of those tragic excesses

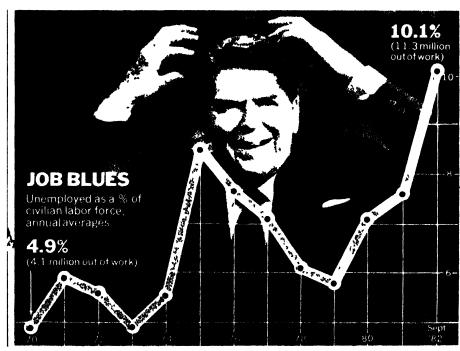
Reagan spent two days last week campaigning for GOP candidates and sloughing off most of the blame for unemployment. In Ohio where 12.5% unemployment is among the nation's highest and where polls show the GOP candidate for Governor Clarence Brown lagging badly the President attributed some unemployment to the 'vast increase in the percentage of adults in America who have gone into the job market in the past decade or so (Participation in the labor force has actually risen rather modestly from about 60% to 64.3% since 1960.) 'In my own view' Reagan told a gathering of vet-

erans in Republican-dominated Columbus 'the cause lof the present unemploymentl is one and one only inflation We brought inflation down and interest rates are following We intend to stay on this course" At a signing ceremony in Long Beach Calif on Friday for a bill that the Administration says will create new jobs by encouraging exports, the President accepted some of the blame for the increased unemployment rate Sort of "I want to be fair about this he said 'It was 74 when we started Going to 10 1 makes it a 2 7 increase that has occurred since we've been there And I am willing to accept responsibility for the 2.7 if those others will accept responsibility for the 7.4

Though the President was scheduled to deliver a TV address to the nation on the economic situation this week some in the White House were trying to downplay the issue Unemployed people don't vote" declared one adviser bluntly. For the employed majority, he claimed, the 'fundamental concern is the sickness of the economy which for most people means inflation and interest rates" Not everyone in Washington was convinced, even in the White House Said one presidential aide. I think unemployment is a very very serious problem for us. Anvone who thinks it isn't the No 1 problem hasn t been out in the country

n many congressional districts where races are close the much publicized crossing of the 10% threshold may prove important for its symbolic impression on voters Democratic politicians are certainly hopeful Arkansas Third Congressional District, for instance has the state's highest unemployment rate and a 16-year Republican incumbent John Hammerschmidt Says Doug Wallace, executive director of the state's Democratic Party The higher the national figures climb the more it dramatizes the situation locally Arkansas GOP Chairman Bob Cohee sees it differently. I don't think 10% is any magic number. In Michigan which has had double-digit unemployment since 1980 and is now first in the nation at 159%, State GOP Chairman Mel Larsen predicts 'I don't think it's going to have that hig an impact here. The rest of the country is just catching up to us' But Yale University Political Scientist Edward Tufte suggests that the issue could cost Republicans as many as 40 congressional seats next month Says he 'Local factors like personality are important, but the economy is in a sense a local factor especially when people are out of work "

Analyst Murray argues that in the closest races unemployment figures could "provide the extra weight needed to tip the balance. But he agrees with most observers that unemployment has been so high for so long that the 10% milestone though likely to be a big issue in the elections, may not prove more critical than other political factors. —By Kurt Andersen Reported by Douglas Brew with Reagan.



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United States

The Presidency/Hugh Sidey

A Flash of Irish Flint

ne of Peter's less famous principles goes like this "Speak when you're angry-and you'll make the best speech you'll ever regret "Well, not always At the White House the political strategists calculate that Ronald Reagan could not have snapped "Shut up' at a better time

First, Washington oldtimers cannot remember such an ill-mannered assault on a President in the august East Room under the daunting gaze of George and Martha Washington Second Gary Richard Arnold the congressional candidate from Santa Cruz, Calif (slogan I OOKS I IKE LENIN TALKS LIKE LINCOLN), who provoked Reagan, was the perfect person to spark the Irish flint, suspected but rarely revealed publicly beneath the smiling, benign Reagan surface

Who was that?' asked the President, once offstage following his campaign exhortation White House Political Director Ed Rollins explained that the bearded Arnold was a candidate of extreme-right views Reagan eyed Rollins owth beard and winked 'Well, I should have known he was a kook. He was wear-

At the least, Arnold, who is now talking about suing the Republican National Committee because it will not give him campaign money is very unusual For some time he has been calling the White House trying to get someone to listen to

his views about the Trilateral Commission No luck

But Arnold knew where the cameras were. He was quiescent for the first two hours of a briefing for 60 Republican congressional candidates with the likes of White House Staffers Ed Meese, Jim Baker and David Stockman, but when the President stepped to the podium for the super pep talk, Arnold quickly rose to his feet while those around him tried unsuccessfully to wave hith down, then pull him to his seat



First a humorous parry, then a sharp "Shut up!"

Arnold, beard quivering, bored in with a recital of disaster "Mr President, you have given us the largest tax increase in the US history the Soviets get the wheat and the Americans get the shaft. We have a Tylenol taxing situation and we have a Reagan-mortis setting in to the nation's body politic

Bill McInturff, a young aide from the congressional campaign staff who was seated in the audience, was mortified. He leaped up to help the President by applauding hoping that the others would join in and drown out Arnold Alas, everybody including Reagan thought McInturff was endorsing Ainold Reagan got cool as his temperature rose "O K," he said, "I don't know who

the two of you are, but you haven't said a word that's true yet "Reagan gave the tax scripture according to Reagan Arnold broke in again "You have a small, elite rich—the Council on Foreign Relations and the Trilateral Commission that totally runs your organization and your White House!" he shouted Reagan parried with humor 'I thought this was for Republican candidates' bored on right through the laughter "Just a minute, just a minute," stammered the President, whose temper by then had reached critical mass

Shut up" yelled Ronald Reagan, a shout shot round the world The short, clear Reagan speech that followed outlining the Administration's policy on China and Taiwan was among the best he has ever given. So much for Peter's lesser

Anger has always been a hazardous presidential luxury Virtually all of the real stuff is contained backstage while the public displays are carefully controlled and released John Kennedy's outburst that Big Steel men were sobs was muffled in the Oval Office, then leaked Jimmy Carter's "I'll whip his ass" (Ted Kennedy's) was orchestrated better than Carter's State of the Union addresses. Even Harry Truman's most famous explosions were in private. Nixon once got angry at reporters, grabbed Press Secretary Ron Ziegler and pushed him toward the panting pack, snapping, "I don't want any press with me 'Mild stuff, really, after all, Presidents spend their formative years learning to control their emotions

At week's end the White House propagandists were savoring a bit of Sanskrit wisdom "The anger of a good man lasts an instant, that of a meddler two hours, that of a base man a day and a night, and that of a great sinner until death," Reagan, they insisted, was instant smiles. Arnold was still sore.

Two Can Play

The US unwelcome wagon

or US diplomats in Moscow there is a ubiquitous Big Brother the Administration for Services to the Diplomatic Corps (UPDk) A foreign service officer wants an apartment? The UPDK is the landlord A junket to Leningrad, UPDK is the indifferent travel agency. The bureau also supplies nearly 100 workers to the US embassy Some of them, it is assumed, are Soviet intelligence agents

Now Washington has decided two can play the harassment game. The State Department has established an Office of Foreign Missions (OIM) There is not vet a director or a staff but the OIM is authorized to exercise broad control over all embassies and consulates in the U.S. If a foreign government wants to rent or buy real estate arrange utility service hire Americans burchase supplies or travel it may be required to see the folks at OFM The OFM is not to be indiscriminately obnoxious but if petty bureaucratic retaliation is in order, the OFM will be ready

Washington however would find it hard to plant spies. Soviet diplomats bring along their own laborers. Even so. America's diplomats in Moscow are pleased Says one Three cheers!

Mortal Sins

Archbishop Tilfa agrees to go

n the end the archbishop simply threw in the towel Since 1975 Valeiian Trifa head of the 35 000-member Rumanian Oithodox I piscopate of America has faced Justice Department charges that during World War II he led an anti-Semitic group in Rumania and incited riots that led to the deaths of hundreds of Christians and Jews In 1980

the archbishop gave up his US citizenship, acquired in 1957, rather than face trial on the allegations I ast week in Detroit in the midst of a deportation trial that was to air the charges the prelate abruptly agreed to leave the US Justice dropped charges that he persecuted Jews but in return Trifa, 68, admitted that he had been a member of the Iron Guard, a fascist Trifa organization that was dedi-



cated to driving Jews out of Rumania. Trifa's main accuser was Charles Kremer a retired New York City dentist who lost family members in a 1941 riot in Bucharest Kremer, now 84, has been trying to get US officials to prosecute Trifa for 30 years Last week, when the deportation agreement was read, Kremer was sitting in the Detroit courtroom

Waking Up to the Gender Gap

🥰 O P dılemma· Why can't a woman vote more lıke a man?



To most Americans the letters GG are recognizable only as the links on stylish men's loafers or the imprint on pricey women's handbags But to politicians, the

initials stand for the most fashionable topic among pollsters today the 'gender gap between men and women voters. That difference is expected to play a meaningful role in the November balloting Says Pollster Louis Harris. Women are as pivotal as any single group in this election.

In the past many women followed the voting lead of fathers and husbands. But by 1980 policicized by ten years of struggling to ratify the Equal Rights Amendment and ever increasing experience in the work force women were making up their own minds Pollsters who interviewed people as they came out of voting booths that fall noticed that significantly more women than men disapproved of Ronald Reagan at the time the disparity was attributed to his opposition to the LRA and abortion. In congressional races, according to Harris women supported Democratic candidates over Republicans by 52% to 48% men favored Democrats by 54% to 45% Samplings of voters since then show that the gender gap was not just a response to Reagan or particular issues in the 1980 campaign. Indeed, a Hairis survey last month revealed the gender gap had widened considerably with women (53% of all registered voters) preferring Democratic candidates 53% to 38^{\prime} and men backing them 46^{\prime} to 44^{\prime} Analysts note that women generally have favored the more social service oriented Democrats But now says Harris women are deserting the Republicans in droves. If the Democrats pick up 15 to 25 House seats (the average for the party out of power in mid-term elections since World War II is twelve) Harris says a surge of women toward Democrats may be among the top two or three reasons for that gain

The disenchantment of women with Republicans now goes beyond Reagan's stance on the traditional feminist issues. By an average 10 to 20 points women are more likely than men to decry the Reagan Administration's opposition to a nuclear-arms freeze and its attempts to cut social welfare programs. Their foremost concern is the economy and again they are more critical of Republican policies than are men. Explains Pollster Peter Hair 'Women are more economically sensitive than men. They are new to the job market.'

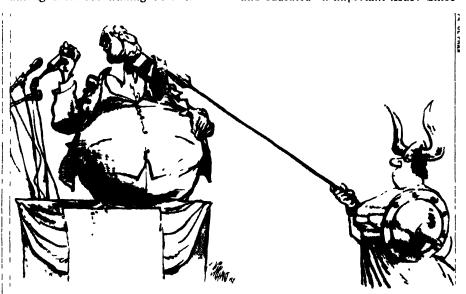
The gender gap is such a recent pheromenon that no one is quite sure whether it will translate into votes Right now

it's just a lot of polling data says Ranny Cooper of the Women's Campaign Fund, which promotes the election of women to public office. In Illinois women's groups endorsed Democrat Adlai Stevenson in his bid to unseat Republican Governor James Thompson charging that Thompson's support of ERA was too tepid. Polls taken shortly before the IRA's defeat this June showed Stevenson leading in part because of a 40' \(\cdot\)-to-25' \(\cdot\) edge among women But a September survey by the Gallup poll indicates that many women have returned to the Thompson fold he now leads 49% to 43% among women and 52% to 41% overall. In neighboring Michigan however a poll by Market Opinion Research shows Republican Senate Candidate Philip Ruppe running even with Democrat Donald Riegle among men but trailing 30% to 53%

Women's Political Caucus Clearly there has been an effort to improve the President's tattered image."

Candidates of both parties are eagerly seeking the endorsement of women's groups. In Colorado for example, would-be office holders who want the support of the state chapter of the National Women's Political Caucus have to write essay answers to 24 detailed questions on topics ranging from rape to Social Security. Says State Caucus. President Gerry Bean. It used to be we had trouble getting people to fill them out. Now candidates are calling up and asking for the questionnaires.

A record number of women are running for office themselves as candidates of the two major parties 56 for the Senate and House and I 620 for seats in state legislatures (1980 figures 56 for Senate and House I 426 for state legislatures). Fund raising is a major priority both for women candidates and women political organizers. The gender gap they realize, will have little effect if women voters are not made aware of sympathetic candidates and educated on important issues. Since



among women. In the gubernatorial race women support. Democrat James. Blanchard by 52% to 29% over. Republican Richard Headlet, who is an object lesson in how not to attract women voters. He recently pointed out that Blanchard had only one child and boasted. I have nine children. So who loves women more? Jeried a local newspaper. On that basis women should prefer to vote for Peter Rabbit.

To capitalize on the gender gap. Democrats are being urged to tailor campaign materials to women to shake hands hospital parking lots as well as at factory gates and to make sure that women staffers are visible on the hustings. Republicans are touting the White House Coordinating Council on Women which is supposed to oversee legislative initiatives and the Administration's Lifty States Project which is examining state statutes for evidence of sex discrimination. Says Kathy Wilson, head of the National

they are not plugged into established. male-dominated political action committees women are relying on their own burgeoning PAC's Groups of nurses social workers and teachers are all giving more money than ever this election season. The most ambitious effort to reinforce the gender gap is being made by the National Oiganization for Women, which expects to pour \$3 million into candidates and causes by Election Day. The recipients feminists both male and temale who are opposed to Reaganemics. The full ramifications of the gender gap will remain unclear until after Nov 2 when political analysts will try to figure out what sorts of issues and candidates appealed to women voters By 1984 predicts Nanette Falkenbeig executive director of the National Abortion Rights Action League 'there will be gender-gap strategies all over the -By Anastasia Toufexis

Reported by Anne Constable/Washington and Patricia Delaney/Chicago

JIMMY CARTER

444 Days Of Agony



Keeping Faith: Part II

t was, writes Jimmy Carter, "the beginning of the most difficult period of my life" He was referring to the seizure of the US embassy in Tehran by Iranian militants who took scores of Americans hostage The date was Nov 4, 1979, and for the next 444 days, "I listened to every proposal" for freeing the hostages, "no matter how preposterous, including dropping an atomic bomb on Tehran"

The hostage crisis is the centerpiece of TIME's concluding excerpt from Keeping Faith, Carter's account of his four years as President Carter describes the high expectations and dashed hopes that punctuated the long-running drama. He tells how he tried to deal with the Ayatullah Khomeini as if he were "a rational person," even though, Carter writes, he "was acting insanely." Carter provides a Commander in Chief's view of the U.S. military

rescue effort that ended with the abandonment of flaming aircraft and eight American bodies in an Iranian desert. He vividly describes the all-night negotiating vigil of his last hours as President and tells how he felt as he listened to his successor deliver his Inaugural Address just moments before the hostages were finally flying out of Iran

The excerpts also include Carter's observations on three presidential achievements of which he is most proud his emphasis on human rights as a high-priority principle of US foreign policy, his politically damaging and difficult campaign to negotiate treaties yielding eventual control of the Panama Canal; and his steps to reduce America's dependence on foreign oil and seek an end to a situation in which "the greatest nation on earth was being jerked around by a few desert states."

KEEPING FAITH

Fall of The Shah

n the South Lawn of the White House, I stood and wept Tears were streaming down the faces of more than 200 members of the press. In the distance we could hear a mob shouting at the mounted police who had just released canisters of tear gas to disperse them. Unfortunately an ill wind seemed to have been blowing toward us as we greeted the leader of Iran, and the tumes had engulfed us all

With television cameras focused on me as I welcomed the Shah and his wife Farah, I tried to pretend that nothing was wrong But that day—Nov 15 1977—was an augury The tear

gas had created the semblance of grief Almost two years later, and for 14 months afterward, there would be real grief in our country because of Iran

Mohammed Reza Shah Pahlavi tolerated little political opposition at home but allegations were increasingly heard in the US that his secret police SAVAK were brutalizing Iranian citizens. The Shah was a likable man-creet without being pompous seemingly calm and self-assured in spite of the tear gas incident, surprisingly modest in demeanor. The air of reticence in his first conversations with me could not have been caused by his unfamiliarity with American Presidents. I was the eighth he had known!

I continued as other Presidents had before me to consider the Shah a strong ally I appreciated his ability to maintain good relations with Egypt and Saudi Arabia and his willingness to provide Israel with oil in spite of the Arab boycott At the time of his visit I was especially eager to secure his influence in support of

Egyptian President Anwar Sadat's dramatic visit to Jerusalem which had just been announced

My briefings revealed that despite increases in Iran's standard of living from oil revenues, the Shah's pursuit of his own goals had engendered opposition from the intelligentsia and others who desired more participation in the political processes of Iran I was informed that there were 2 500 (the Shah said "below 2,500") political prisoners in the Iranian jails. The Shah was convinced that immediate suppression was the best response to opposition, and he was somewhat scornful of Western leaders (including me) who did not emulate his tactics.

In my small private 100m near the Oval Office, I asked if I might speak frankly, and he agreed 'I am familiar with the great improvements which have been made in your country" I told him, 'but I also know about some of the problems. You have heard of my statements about human rights. A growing number of your own citizens are claiming that these rights are not always honored in Iran I understand that most of the disturbances have ansen among the mullahs and other religious leaders, the new middle class searching for more political influence, and students in Iran and overseas. Iran's reputation is being damaged. Can

anything be done to alleviate this problem by closer consultation with the dissident groups and by easing off on some of the strict police policies?

The Shah paused for a few moments before he replied somewhat sadly, 'No there is nothing I can do I must enforce the Iranian laws, which are designed to combat Communism. This is a very real and dangerous problem for Iran, and, indeed, for the other countries in my area and in the Western world. It may be that when this serious menace is removed the laws can be changed but that will not be soon. In any case, the complaints and recent disturbances originate among the very troublemakers against whom the laws have been designed to protect our country. They are really just a tiny minority, and have no support among the vast majority of Iranian people."

Ten months after that exchange on Sept 8 1978 the Shah declared martial law throughout Iran A bloody confrontation between the police and a large crowd of demonstrating Muslims followed. Several hundred people were killed by bursts of machine-gun fire. After this, the strength of the demonstrators grew as they demanded the Shah's abdication and he attempted to control the disorders with ever more stringent military discipline.

At times the Shah tried to pacify the dissidents. He granted

amnesty to hundreds of opposition leaders—including Muslim leader Ayatullah Ruhollah Khomeini, who had recently moved from Iraq to Paris Yet his problems mounted

Frequent reports from our embassy in Iran indicated the gravity of the Shah's troubles Still Ambassador William Sullivan joined all my other advisers and me in believing that the Shah was our best hope to maintaining stability in Iran

The Shah was trying to decide whether to set up an interim government set up a military government or even abdicate. We encouraged him to hang firm and to count on our backing

However it was becoming increasingly evident that the Shah was no longer functioning as a strong leader but was growing despondent and unsure of himself. I knew he needed all the support the U.S. could properly give him short of direct intervention. I sent him a message stating that whatever action he took, including setting up a military government, I would support him.

ernment, I would support him
Until this time those opposing the Shah had been fragmented Now an identifiable leader was emerging. Perhaps because of
his remoteness and air of martyidom enhanced by 15 years of
exile his constant and unswerving opposition to the Shah his religious beliefs bordering on fanaticism and his militant attitude
in demanding action and violence. Khomeini had gained increasing influence over the anti-Shah forces. Although he was
still in Paris. Khomeini was calling for general strikes, the overthrow of the Shah and the establishment of a republic.

Still, there was no question in my mind that the Shah deserved our unequivocal support. Not only had he been a staunch and dependable ally for many years, but he remained the leader around whom we hoped to see a stable and reformed government organized in Iran. We knew little about the forces contending against him, but their anti-American statements were enough to strengthen our resolve to support the Shah.

By early November Ambassador Sullivan had become convinced that opposition leaders would have to be given a much stronger voice in Iran's affairs than the Shah was willing to consider I could not disagree, but my basic choice was whether to give the Shah our complete backing in his crisis or to predicate



in spite of the Arab boycott. At the Teargas affects Shah and Wife Farah at White House (1977) stating that whatever action he took,

support, as Sullivan increasingly seemed to prefer, on the Shah's acquiescence to suggestions from the American embassy

The Shah's basic plan of asking one leader to assemble a coalition government seemed sound but he was having a hard time convincing anyone of statute to serve. At the end of the year, Shahpour Bakhtiar, a Western-educated moderate accepted the position of Prime Minister. The newly chosen leader demonstrated surprising strength and independence immediately calling for the Shah to leave Iran for the secret police to be disbanded, for those responsible for shooting demonstrators to be tried and for civilians to be in charge of Iran's foreign affairs.

It was obvious that the Shah would have to leave the country before order could be restored. However, I agreed with him that he should do so with dignity, in accordance with his own schedule and only after a stable successor government had been established. Sullivan, however, was recommending that we oppose the plans of the Shah insist on his immediate departure and try to form some kind of friendship or alliance with Khomeini. I rejected this recommendation because the Shah. Bakhtiar and the Iranian military leaders needed consistent. American support

Because Sullivan seemed unable to provide us with adequate reports from the military a crucial source of information and advice. Defense Secretary Harold Brown and I concluded that we needed a strong and competent American representative in Tehran who would keep me informed about the military's needs. One of his responsibilities would be to strengthen the resolve of the military leaders and encourage them to remain in Iran to maintain stability even if the Shah should leave. I ordered General Robert Huyser, deputy commander of U.S. forces in Europe, to carry out this assignment.

Some of Iran's top military leaders had told Sullivan. We will not permit the Shah to leave Iran. We will at least place him on an [Iranian] island. We plan a coup to take over the government to clean up Iran and to eliminate violence. Bakhtiai may form a token government, and we will give him token support.

he Shah told Sullivan that he had complete control over the military leaders and that they would make no move to restrain him in any way. He said he planned to leave Iran in order to strengthen Bakhtiar, and that those who had considered a military coup would instead support Bakhtiar s government but would stand by to take over if he should fail General Huyser reported that the military leaders indeed supported Bakhtiar.

Sullivan apparently lost control of himself, and on Jan 10 sent a cable bordering on insolence condemning our asking the French President to contact Khomeini instead of doing it ourselves. He used such phrases as gross and perhaps irretrievable mistake—plea for sanity—and 'incomprehensible—He seemed unable to present an objective analysis of the situation in Iran 1 was well aware that he had been carrying out some of my directives halfheartedly if at all. Now, since he had changed his mind in recent weeks about supporting the Shah, his activities and statements had cost him much of the confidence he had previously enjoyed from the Shah and his associates—and from me From then on I relied primarily on General Huyser, who remained cool and competent and as far as I could tell always sent back balanced views. (In April of 1979, Sullivan resigned.)

On Jan 19, more than a million marchers in Iran railied to back Khomeini. He announced from I rance that he was forming a provisional government ending his 15 years of exile and returning to Iran. Bakhtiar then offered to resign and let the Iranian people choose their form of government provided Khomeini would remain in Paris.

The departure of the Shah from Iran to Egypt and then to Morocco was curiously anticlimactic, because we had been anticipating his move and because the Shah and his retinue wanted it seen as a temporary absence rather than a historic event Nevertheless this marked the end of his 38-year reign Khomeini flew into Tehran on Feb. 1, to be welcomed by hundreds of thousands of supporters

Americans In Peril

Americans who wanted to leave Iran Since the beginning of the disturbances, we had brought out more than 25,000 but almost 10 000 were still there Sullivan now said that all American citizens except diplomatic personnel could no longer be protected and should leave the country Millions of Iranians were in the streets, and thousands had already been killed in the struggles between the government officials and the Khomeini forces. Almost miraculously no American had been attacked in spite of the Ayatullah's picturing us to his supporters as foreign devils.

After a few days the Iranian military simply disintegrated and on Feb. 11. Bakhtiar and the members of the Majlis resigned Mehdi Bazargan then became Prime Minister and with the support of Khomeini, began to consolidate his authority. He and his predominantly Western-educated Cabinet members cooperated with us. They protected our embassy previded safe travel for General Philip Coast who had replaced Huyser, and sent us friendly messages. Bazargan announced publicly his eagerness to have good relations with the U.S. But he soon ran into trouble from Khomeinis revolutionaries who formed armed bands all over Iran and arrested hundreds of people trying them on the spot and executing them

We got word that our military observation sites in northeastern Iran were under siege and that we could no longer operate our equipment which was designed to monitor Soviet test missile launchings across the border. The most disturbing incidents were the capture of American personnel. I list there was the short-lived serzure of our embassy in February 1979. Then 20 Air Force employees were taken by Iranians at one of our intelligence monitoring sites and released after several frightening days. The street mobs sometimes whipped up anti-American feelings to a fever pitch. As quietly as possible, we continued to urge the several thousand Americans remaining in Iran to leave

Before and immediately after the Shah's departure from Iran we had left open our invitation for him to come to the US, but he had decided to stay in Morocco. Now we began to hear that King Hassan wanted him to leave. On March 15 King Hassan requested that we accept the Shah Primarily because of the intense hatred now built up in Iran among the mobs who controlled the country and the vulnerability of the many Americans still there. I decided that it would be better for the Shah to live elsewhere. I asked Cy Vance to help him find a place to stay.

The Shah settled upon the Bahamas but later complained about the high prices and moved on to Mexico Despite his great wealth he seemed obsessed with the belief that people were trying to cheat him. He still wanted to come to the U.S., where he had some enthusiastic advocates. Henry Kissinger called to ask me to let the Shah come to the U.S. David Rockefeller came to visit, apparently to try to induce me to let the Shah come into our country. Rockefeller, Kissinger and my National Security Adviser, Zbigniew Brzezinski, seemed to be adopting this as a joint project.

A vocal group of the Shah's friends approached Vance and Brzezinski repeatedly and on occasion appealed directly to me They had an ally in Zbig, but could not convince me or Cy Each time we explained the potential danger to those Americans still in Iran emphasizing that the Shah had been living comfortably in Morocco, the Bahamas and now Mexico Each time, they went away partially mollified, only to return again Some were merely representing the Shah's interests, while others, like Zbig, thought

KEEPING FAITH

we must show our strength and loyalty to an old friend even if it meant personal danger to a group of very vulnerable Americans. I adamantly resisted all entreaties. Circumstances had changed since I had offered the Shah a haven, now many Americans would be threatened, and there was no urgent need for the Shah to come here. As I wrote in my diary at the time, I don't have any feelings that the Shah or we would be better off with him playing tennis several hours a day in California instead of in Acapulco.

Predictably our embassy people in Iran recommended against our inviting the Shah to the US. We had already reduced our Tehran diplomatic staff to fewer than 75 vs. 1 100 before the revolution began. We had also completely revamped the embassy's security features, and were convinced that with the support of the host government, our people would be safe. However, the staff's recommendation confirmed my own decision to continue moving Americans out of Iran and to let the Shah stay in Mexico.

On Oct 1 1979 I heard about the Shah's illness. In his evening report Vance noted that David Rockefeller had sent his personal physician to Mexico and that if the Shah's ailments were serious we might be asked to admit him for treatment. Cy added Our charge d'affaires [Bruce Laingen] in Tehran says local hostility toward the Shah continues and that the augmented influence of the cleries might mean an even worse reaction than would have been the case a few months ago, if we were to admit the Shah - even for humanitatian purposes.

On Oct 17, Cy received another report from Rockefeller telling us the Shah was quite ill with a disease difficult to diagnose and to treat. Some of the doctors suspected cancer. The physicians wanted to bring the Shah to Cornell University Medical Center in New York City. An eminent Columbia Medical School professor was to see the Shah on Oct. 18 and then consult with the State Department medical director before making a joint recommendation to Vance about what treatment the Shah required.

Cyexplained this to me on Oct 18 and added. If we permit the Shah to come to the US for treatment, we would want to inform the Iranians that we were doing so for humanitarian purposes and to leave open any question of future residence. In the margin I wrote OK and returned a copy of the document to Vance

The following morning, a Friday Cy made it obvious that he was prepared to admit the Shah for medical reasons I was now the lone holdout

It happened that Henry Precht, the State Department's Director for Iranian Affairs was in Iran with I aingen at the time They were instructed to inform Bazargan and I oreign Ministei Ibrahim Yazdı of the Shah's condition, tell them of our possible plans to provide treatment for him and seek their assistance. The next day, I received a message from Laingen. He had told the two top Iranian officials that neither the Shah nor his wife would be involved in political activities while in the U.S., and asked for a guarantee of protection for American citizens in Iran. They had responded that there undoubtedly would be a sharp reaction, but that they could guarantee protection.

On Saturday, Oct 20, I went to Camp David There I received a "supersensitive" memorandum from Deputy Secretary of State Warren Christopher He reported, 'We have now learned the Shah's illness is malignant lymphoma compounded by a possible internal blockage that has resulted in severe jaundice. The lymphoma responded satisfactorily when chemotherapy was started several months ago, but recently the chemotherapy has been less



American flag burns in Tehran (1979)

effective The Shah has not had tests necessary to establish proper diagnosis and further chemotherapeutic approaches Di Benjamin Kean of the Cornell Medical School who last saw the Shah vesterday, has advised us that these diagnostic studies cannot be carried out in Mexico, and he recommends that the examination take place in the U.S. David Rockefeller has asked that we admit the Shah to Sloan-Kettering Hospital in New York City for diagnosis and treatment The State Department's medical director supports Dr Kean's recommendation

I told Bizezinski to permit the Shah to go to New York for medical treatment and to inform our embassy in Tehran. I told the State Department to notify Iranian officials—not to seek their permission or approval Vance reported to me on Oct 22. The Iranian government reacted with moderation. We have told them that neither the Shah nor Shahbanou II mpress I arahl, who will arrive in New York tonight will engage in political activity. On Monday the Shah

arrived in New York. There were objections in Iran but no reason for alarm about the safety of the Americans there.

Through the State Department I received a series of reports about the Shah Rockefeller's staff told us that the Shah's lymphoma was a Class III malignancy that may be too advanced to irradiate and that chemotherapy would require a minimum of eight months. His doctor told us the Shah had a fifty-fifty chance to survive the next 18 months, if he did so he could then live for several more years. Meanwhile, recuperation from his operation would require another two or three weeks hospitalization. [The Shah died in Egypt on July 27, 1980.]

The Embassy Is Seized

unday, Nov 4, 1979 was a date I will never forget. Larly in the morning Brzezinski reported that our embassy in Tehran had been overrun by about 3 000 militants and that 50 or 60 of our American staff had been captured. Immediately afterward. Vance reviewed with me again the assurances of protection we had received from Iranian officials. We were deeply disturbed but reasonably confident that the Iranian would soon remove the attackers from the embassy compound and release our people. Never so far as we knew had a host government failed to attempt to protect threatened diplomats. We had a firm pledge from both the Iranian Prime Minister and the I oreign Minister to give our staff and property this protection during the past week or two even Khomeini's forces had helped to dispel crowds of demonstrators near the American embassy.

Prime Minister Bazaigan did his best to keep his word but after a few hours passed without forceful action we grew increasingly concerned. We contacted officials in the Bazaigan Cabinet and within the so-called Revolutionary Council, where government and religious leaders decided the nation's policies. All our ef-

SPECIAL SECTION



Iranian captors parade blindfolded U.S. diplomats on day the embassy was overrun (Nov. 4, 1979)

forts were fiuitless. The militants had become overnight heroes Khomeini praised their action, and no public official was willing to confront them. Bazargan and Yazdi resigned in disgust

It was not at all clear what the militants wanted My impression was that originally they had not intended to remain in the embassy or to hold the Americans captive beyond a few hours. However, when they received the adulation of fellow revolutionaries and the support of Khomeini, they prolonged their illegal act. As kidnapets, they seemed to have no clear ideas about ransom except to demand the return of the Shah and his money.

I wrote in my diary on Nov 6 1979 'We began to assess punitive action. We still have 570 Americans there. I directed the companies that employed these people to get them out of the country. We also asked the Algerians. Syrians. Turks. Pakistanis, Libyans. P.L.O. and others to intercede. It is almost impossible to deal with a crazy man, except that he does have religious beliefs, and the world of Islam will be damaged if a fanatic like him should murder 60 innocent people in the name of religion. I believe that is our ultimate hope for a successful resolution. We will not release the Shah, of course, as they demand.

The first week of November 1979 marked the beginning of the most difficult period of my life. The well-being of the American hostages became a constant concern. I would walk in the White House gardens early in the moining and lie awake at night trying to think of steps I could take to gain their freedom, without sacrificing our honor and security. I listened to every proposal no matter how preposterous, all the way from delivering the Shah for trial to dropping an atomic bomb on Tehran.

Although Khomeini was acting insanely, we always behaved as if we were dealing with a rational person. I asked Pope John Paul II to contact Khomeini directly, which he agreed to do. (Later, the Ayatullah made an insulting speech about the Pope.) To prepare for possible military action, I had satellite photographs taken to determine where Iran's aii planes and other armed forces were located. I wanted to prevent the spilling of blood on both sides but it would be inevitable if the hostages were harmed. I was restrained from a pre-emptive military strike by the realization that the Iranian fanatics would almost certainly kill the hostages in response.

On Nov 6, two days after the embassy was taken, we commenced plans for a rescue operation. Various proposals were discarded as impractical or unlikely to succeed without considerable loss of life on both sides. The greatest problem was the inaccessibility of the embassy compound—more than 600 miles from the nearest operating aircraft carriers and deep within heavily populated. Tehran. Although we had regular surveillance of the embassy grounds, there was no way to know precisely where the hostages were being held, and our reports indicated that the guards were determined and quite alert.

We decided that should a public trial of the hostages occui, we would interrupt all commerce with Iran. We studied detailed maps and charts of the coastal waters. My own judgment was that the best and surest way to stop all ship traffic would be to mine the entrances to all Iranian seaports. Effective mines weeping operations by Iran or its potential supporters would be almost impossible. A naval blockade might have been equally effective, but it would have involved repeated confrontations with ships of many other nations, some of which might have been damaged or sunk if they had tried to run the blockade. We also had to meet the possibility of punishment or execution of the hostages. In this case, I was prepared to make a direct military attack on Iran. We pored over aerial photographs of oil refineries and many other strategic targets.

he Iranian militants were now demanding that the Shah be turned over to them for trial, which would almost certainly be followed by execution that the US apologize for "crimes against the Iranian people", and that financial damages and the Shah's assets be paid over to Iran I never gave serious consideration to any of these demands It would have besmirched our nation's honor to do so

During this difficult time, we needed all the support at home that we could get One of my concerns was Kissinger A stream of his criticisms to foreign diplomats and others in the US and in Europe had reached our ears. His remarks had particularly infuriated Vance, so I asked Kissinger to come by for a talk to work out our differences. Kissinger said that some of his pub-

Ished criticisms had been taken from interviews given prior to the hostage seizure, that he would avoid similar comments during the crisis. After this conversation, things were better for a few days—then reverted to their former state.

We had been successful in keeping secret the presence of six American diplomats who had found refuge in the Canadian embassy at the time our embassy was taken (Some news organizations knew about these diplomats, but at my request did not reveal the information) In January, with the streets of Tehran quiet it was time to bring them out. This was a real cloak-and-dagger story with American secret agents being sent into Iran to rehearse with the Canadians and Americans the plans for their departure. The agents and those being rescued would have to be furnished with disguises and false documents and they needed training to convince Iranian officials that they were normal travelers from other countries.

One agent was sent in as a German—with a forged passport, of course. He adopted a false name, with the middle initial "H" At customs an official stopped him to comment that it was strange for a German passport to use an initial rather than the entire name, he had never seen one like this before. He began to interrogate our man more closely, and the quick-witted messenger said, "Well my parents named me Hitler as a baby. Ever since the war. I we been permitted to conceal my full name." The customs official winked and nodded knowingly and waved him on

On Jan 28, I received word that the six Americans were free (On the same day Abolhassan Bani-Sadr was declared the newly elected President of Iran) Until some of the Canadians and our intelligence agents were also out of Iran, we could not reveal that our first rescue mission had been successful, but when the news was finally released on Jan 31, Ambassador Kenneth Taylor and the other courageous Canadians became instant heroes

On March 22 after all our efforts to negotiate with Iranian officials had proved fruitless. Mondale, Vance and I had a full briefing from our military leaders about the latest plans for a rescue mission, which were much more feasible than those presented at the outset of the ordeal. But they still needed more work and I was not yet convinced that we should proceed.

One of the possible staging areas for our rescue team was in an isolated desert region about 200 miles south of Tehran that seemed from aerial photographs to be smooth enough for night landings by transport planes. I authorized the flight of a small airplane for a close visual examination of the desert sand to see how smooth and firm it was. I was not making a final commitment, at the same time. I wanted training operations and planning to continue.

On April 2 I received a report that our small plane had flown into Iran at a very low altitude, landed in the desert, examined the possible rescue staging site and returned without detection. The pilot reported that it was an ideal place—a smooth and firm surface, adequately isolated, with only a seldom-used country road near by We decided to complete plans for a rescue mission, to assemble the necessary equipment and to prepare the team that might be sent in

It was obvious to me that the Revolutionary Council would never act and that the hostages were not going to be released. I decided to act On April 11, my top advisers and I went over the rescue plans again In the Cabinet Room with me were Mondale, Brown, Brzezinski, Christopher, Central Intelligence Director Stansfield Turner, General David Jones, Hamilton Jordan and Jody Powell (Vance was on a brief and much needed vacation) Because the militants had threatened to "destroy all the hostages immediately" if any additional moves against them should be launched, we had to plan any action with the utmost care. General Jones said that the earliest date everything could be ready was April 24 I told everyone that it was time for us to bring our hostages home, their safety and our national honor were at stake When Vance returned, he objected to my decision to rescue the hostages and wanted to present his own views to the National Security Council Group At a meeting on April 15, he argued that we should be patient and not do anything that might endanger their safety No one changed his mind

Disaster in The Desert

e took every possible step to conceal our moves in preparation for the rescue mission, encouraging the few people who had to know about airplane and helicopter movements to believe they might be related to laying mines. On the evening of April 16 we met in the Situation Room for a thorough review of the operation. This session lasted 2½ hours, and I was particularly impressed with Generals James B. Vaught and Philip C. Gast and Colonel Charles Beckwith, who would direct the mission after I authorized it to begin.

In their meticulous description of the operation, I received satisfactory answers to my many questions. I informed the military leaders that they had my complete confidence and support, and I made it clear that there would be no interference from the White House while the mission was under way. However, I wanted to be kept constantly informed.

Although I was concerned about what the future might hold, I had no doubt that the time was ripe Because I was so clear in my resolve I looked forward to the mission. The plans and training had been completed the necessary helicopters and transport planes on American aircraft carriers had been stationed south of Iran or near by in such friendly countries as Oman and I gypt. We did not notify the leaders of these countries about the purpose of our visits, letting observers surmise that they involved aid to Afghan freedom fighters or some kind of mining operation along Iran's coast.

We had blueprints of our embassy buildings in Tehran, of course, and we had talked to the black and female hostages released before Christmas although they were unable to tell us much about the others. Much more important, we received information from someone (who cannot be identified) who was thoroughly familiar with the compound, knew where every hostage was located how many and what kind of guards were there at different times and the daily schedule of the hostages and their captors. This was the first time we knew the precise location of the Americans.

Our agents, who moved freely in and out of Ichran under the guise of business or media missions had closely studied the degree of vigilance of the captors. The guards had grown lax and security around the compound was no longer a serious obstacle to a surprise entry by force. Our satellite photographs of the embassy compound and the surrounding area kept us abreast of changes in the habits and composition of the terrorists guard details.

Life for the guards seemed to have become relaxed and humdrum perfectly designed for a lightning strike by a highly trained and well-equipped force that with night-vision devices, could distinguish in the dark between our people and the Iranian captors. We would need six large helicopters to fly into the center of Tehran, pick up the three Americans in the Foreign Ministry building and the other hostages in the embassy, and carry them and the rescue team to safety.

The biggest problem was how to travel the enormous distance from the sea or from other countries to extract the hostages from the center of Tchian. Our solution was to fly in eight helicopters (to provide two backups) from our aircraft carriers in the Gulf of Oman to the remote area now known as Desert One that had been surveyed earlier. The only drawback of this site was the seldom-used dirt country road going by it, but the team was prepared to hold passers-by, hide their vehicles and release them when it was too late for the operation to be disrupted. Everyone

SPECIAL SECTION

was under strict orders from me not to harm innocent bystanders and to avoid bloodshed whenever possible

The helicopters were scheduled to take off Thursday April 24, at dusk (10-30 a m. Washington time) and arrive about six hours later. This 600-mile flight from the Gulf of Oman would push to the limit the capabilities of these aircraft. They would be joined at Desert One by six C-130s carrying the 90 members of the rescue team, plus fuel and supplies. After the team was transferred from the C-130s to the helicopters the airplanes would leave Iran, and the helicopters with the rescue team would fly a short distance northward into the nearby mountains. They would arrive at about 4 a m. and be hidden from view the following day. This place was remote and uninhabited, and detection would be highly unlikely. Communication between the

Pentagon and the rescue team, using satellites and other relay facilities would be instantaneous. I would receive telephone reports from General Jones and Harold Brown

The next night trucks that our agents had purchased would be removed from a warehouse on the outskirts of Tehran, driven to the mountain hiding place and used to carry the rescue team into the city At a prearranged time, the rescue team would simultaneously enter the Foreign Ministry building and the compound, overpower the guards and free the hostages

Guided by radio communications the helicopters would land at the sites lin Tehran] on prearranged

schedules pick up our people and carry them to an abandoned airstrip near the city. From there, two C 141s would fly the Americans to safety across the desert area of Saudi Arabia. The helicopters would be left in Iran. I planned to notify the Saudis only after the rescue mission was completed.

Vance worned about the risk to the hostages was still concerned about whether we should make the rescue effort at all, although he and I had agreed previously that if I decided to act with force a rescue mission would be preferable to a mining operation. Cy had threatened to resign on several earlier occasions. I still needed Cy valued his opinion and relied heavily on his services. He said he would stay on but reserved the right to say that he disagreed with some of the policies on Iran.

My persistent anxiety was to maintain secrecy. However, I was forced to share the news with one other. Head of Government when I learned about distuibing stories originating with a former British officer in Oman employed by the Sultan. He had reported to London that we had planes in Oman and that they were loaded with ammunition and supplies for the Afghan freedom fighters. The British and the Omanis were getting nervous and I had to send Warren Christopher to London to brief Prime Minister Margaret Thatcher and Foreign Secretary Lord Carrington about the true purpose of the planes. We heard only one other indication of a leak. In monitoring radio broadcasts all over Iran, we heard a story from up near the Iraqi border of an attempted rescue mission. It turned out to be a repeat of a conjectural story that had run earlier in the Washington Star. No damage was done

On Wednesday April 23, I received a last-minute intelligence briefing about Iran The substance was that there was little prospect of the hostages' release within the next five or six months and that everything was favorable for the rescue mission Our agents in and around Tehran were very optimistic. The next day I wanted to spend every moment monitoring the progeness of the mission, but had to stick to my regular, schedule and act as though nothing of the kind were going on. I asked Zbig to keep notes for me, while I tried to keep my mind on such routine duties as a private session with Israeli Labor Party Leader Shimon Peres and a briefing for Hispanic leaders about our anti-inflation program.

Here are some of Brzezinski's notes, using Washington time with my own comments in brackets added later

10 35 am President briefed by Z B on latest intelligence and on the initial stage Takeoff as planned

12 pm Lunch President Vice President Vance Brown

First indication that two helicopters may be down short of landing site [Although the weather forecast had been good the helicopters ran into severe localized dust storms. One returned to the carrier and another was left in the southern desert. We never knew until it was over that this helicopter crew had been picked up. It was a major worry for me through the mission | Iranian post noted two aircraft flying low without lights [Our intelligence services were monitoring radio broadeasts throughout Iran 1

3 15 pm. Two helicopters down naval task force thinks rest have landed and picked up crews and thus six are on the way. Should

know about Desert One in about half an hour. No upgrading of gendarmerie alert. [The Iranians had small police stations scattered in the villages and towns. We successfully avoided them.]

Charred remains of U.S. aircraft in Iranian desert after rescue failure (1980)

1 C-130s have landed Initial problem three vehicles observed. One got away. One of the above, a bus with some 40 [44] people presumably detained Brown Brzezinski agree that no basis for abortion will consult further and Brzezinski will brief the Piesident and obtain his guidance [This was unexpected bad luck. We had observed this site for weeks and traffic near it was rare. Almost immediately after our landing though there was a busload of people and then a fuel truck, followed closely by a pickup truck. The two latter appeared to be driven by smugglers of gasoline who took off in the pickup. It was highly unlikely that they would go to the police In fact Colonel Beckwith believed they thought our team was Iranian police. But the bus passengers would have to be prevented from sounding an alarm. I approved the removal of all of them to Egypt by C-130 until the rescue itself was concluded, when they would be returned to Iran 1

421 pm General Jones has heard from General Vaught [who was in Egypt and in overall charge] that everything is under control at Deseit One. No one hurt of eliminated Escaped vehicle proceeded southwest to town 15 miles away, which has gendarmerie post unmanned at night. Four helicopters refueled at 4 pm EST two being refueled [One had been forced down temporarily in the sandstorm, then pressed forward to join the others. This put us somewhat behind schedule, but in itself was no problem.] Vaught expects everything to be over in 40 minutes. Has report that everything "green at dropoff, and transport is ready."

4 45 pm Brown to Brzezinski "I think we have an abort situation One helicopter at Desert One has hydraulic problem We

We could have tried to impress you with an aerial picture of our brewery. However.





Traditionally the palanquin was used in India to carry idols nobility royalty and brides

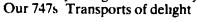
You'll get carried away on our 747s.

Air-India has a sizeable fleet of 747s Chances are, you'll find one flying your way

Maintained by some of the world's most advanced skills and equipment, our 747s are quite unlike the others you may have flown from the moment you step inside our wide-bodied palaces in the sky you know you're in for a rare and pleasurable experience

Sari-clad hostesses welcome you with the Namaste — a gesture which says my guest is as my god

The decor — exotic, richly patterned, captivating The soul-stirring strains of an Indian raga The choicest Indian and Continental cuisine And in First Class, every seat a luxurious Slumberette you'll get carried away





KEEPING FAITH

thus have less than the minimum six to go "C-130s to be used to extract Request decision on mission termination from the President literally within minutes [because of the importance of completing the operation at night]

4 50 pm The President, after obtaining a full report from Brzezinski, requests full information from Brown and Jones and specifically the recommendation from the ground commander [Beckwith and Vaught in Egypt both recommended termination, complying with the plan requiring a minimum of six helicopters!

4 57 p m The President to Brown Let's go with this recommendation,' and the mission is aborted

At this point the Vice President, Christopher, Powell and Jordan joined me and Zbig in my small study, later followed by Vance and then Brown Although despondent about the failure of the mission we felt we had the situation under control. I was grievously disappointed, but thanked God that there had been no casualties.

518 pm Brown informs President that we don't know whereabouts of one helicopter and don't know the crew loss

5 32 pm President calls Jones on secure phone and learns all crews not accounted for President instructs that needless military action be avoided air cover if needed for extraction but an engagement should be avoided. Show of force first before shooting down any Iranian planes. [All of this referred to the helicopter crew we believed to be on the ground in southern Iran. If necessary I was ready to send in military forces from the aircraft carriers to protect the crew. At one point, intelligence sources reported a beeper signal from the downed helicopter.] Discussion of what commmunication to make to the Iranians and of the needed report to the American people. [After our rescue team departed, I needed to calm the Iranians.]

5 58 pm. President on secure phone informed by Jones that, a helicopter smashed into a C-130, some casualties, may be very serious team transferring into another C-130. [I was sickened with concern about our men. Brief delays seemed like hours as I waited to obtain accurate reports about casualties. I prayed.]

6.21 p m. President informed by Jones that a number dead in the crash—helicopter crew-pilot of C-130 and some passengers [members of the rescue team]. The rest are being extricated by

Speaking Out for Human Rights

know how easy it is to overlook the persecution of others when your own rights and freedoms are not in jeopardy. I grew up in south Georgia within a legally segregated society and to the extent that I or my elders felt any responsibility at all for the status of my black playmates, the separate but equal' ruling of the US Supreme Court seemed sufficient As a child I rode a bus to school each day with the other white students, while the black children walked, and never gave a thought to the lack of equality inherent in the separateness. Neither did the adults who managed the education system nor the lawyers and judges in our courts, nor the Governor nor those who led our Government in Washing ton and were responsible for the administration of justice in our great and free nation. It seems almost unbelievable, but only after I had served in the Navy for eleven years, returned home to live, enrolled my oldest son in the same school I had attended and had become a member of the Sumter County board of education did I finally come to acknowledge that black schoolchildren were still walking to their separate

It took years of bitter and divisive struggles to change this kind of broad discrimination. During the heat of those legal contests, when some blood was spilled it was shocking to observe the degree of racial prejudice among people I admired and knew to be otherwise fair and kind and compassionate. Some of them became expert at finding Bible scriptures to prove that God wanted them to be fair, kind compassionate—and racist

It was deeply moving to see the end of legal segregation in the South and to observe the immediate benefits that came to all of us. To me, the political and social transformation of the Southland was a powerful demonstration of how moral principles should and could be applied effectively to the legal structure of our society.

I had pointed out in my speech accepting the Democratic nomination for President in July 1976 "Ours was the first nation to dedicate itself clearly to basic moral and philosophical principles a revolutionary development that captured the imagination of mankind" It was time for us to cap-

ture the imagination of the world again. I was familiar with the arguments that we had to choose between idealism and realism, between morality and the exertion of power, but I rejected those claims. To me, the demonstration of American idealism was a practical and realistic approach to foreign affairs, and moral principles were the best foundation for the exertion of American power and influence.

I was determined to combine support for our more authoritarian allies and friends with the effective promotion of human rights within their countries. By inducing them to change their repressive policies we would be enhancing freedom and democracy and helping to remove the reasons for revolutions that often erupt among those who suffer from persecution. We might therefore accomplish our purposes without replacing a rightist totalitarian regime with a leftist one of the same oppressive character. A human rights effort would also help strengthen our influence among developing nations that were still in the process of choosing their future friends and trading partners. And it was the right thing to do

I was often criticized for aggravating other government leaders and straining international relations. At the same time I was never criticized by the people who were imprisoned or tortured or otherwise deprived of basic rights. When they were able to make a public statement or to smuggle out a private message, they sent compliments and encouragement, pointing out repeatedly that the worst thing for them was to be ignored or forgotten. This was particularly true among political prisoners behind the Iron Curtain.

It will always be impossible to measure how much was accomplished by our nation's policy when the units of measurement are not inches or pounds or dollars. The lifting of the human spirit, the revival of hope the absence of fear, the release from prison the end of torture, the reunion of a family the new-found sense of human dignity, these are difficult to quantify, but I am certain that many people were able to experience them because the United States of America let it be known that we stood for freedom and justice for all people.

The abuse of human rights is still a serious problem in too many lands. The world cannot be improved by one dramatic act or by one nations transient policy, the wheels of justice turn slowly —often very slowly. However, I know that the suffering of some people was eased and that others we e given new hope. The world was reminded by salvaged lives that America cares about freedom and justice, a sufficient accomplishment to justify all our efforts.

SPECIAL SECTION

C-130 [In taking off to move away from the loaded planes, the helicopters' swirling blades had kicked up clouds of dust. In the poor visibility, one of the helicopters had flown into the nose of the airplane, which itself was preparing to take off. The two aircraft were engulfed in flames, and it was impossible to extract the bodies of the dead Americans. All others were loaded into the other five C-130s and left Desert One, en route to Masirah, a small island off the coast of Oman. Our men had been on the ground about three hours.]

7 05 p m President informed by Jones that at least six probably dead, the team will be [in Masirah] around 10 p m

7 45 pm The group without the President convenes in the Cabinet Room to work on necessary notifications and statements [I sat alone in my small office, listing everything I needed to do to prevent any harm to our hostages, to protect our agents in Tehran, to notify leaders of other nations in the area and to inform some American leaders and later the general public First we had to get our rescue team out of Itan, undetected if possible !

8 05 p m The President joins group in Cabinet Room [I sent for CIA Director Turner to determine how much time our agents in Tehran for the rescue mission would need to leave the country or to protect themselves from discovery !

905 pm Turner joins the group Discussion of the situation in Iran and implications for public statement. [We had a long discussion about the timing. It was necessary to delay any acknowledgment of our presence in Iran until all our team was out of the country. As soon as it was safe, we wanted to anticipate the Iranians with our announcement to prevent their exaggeration of the rescue mission into an all-out invasion—a version that might cause them to harm the hostages. We had a number of people in Tehran with trucks, radio equipment and other com-

promising materials, who had to be notified and given a chance to protect themselves]

11 05 p m Brown provides fuller debrief all helicopter crews accounted for eight dead and three burned

11 55 p m The President decides announcement at 2 a m—changes that to 1 a m Congressional calls to begin immediately

The cancellation of our mission was caused by a strange series of mishaps—almost completely unpredictable. We had every possibility of success because no Iranian alarm was raised until two or three hours after our people had all left Iran I am still haunted by memories of that day—our high hopes for success the incredible mishaps, the bravery of our rescue team, the embarrassment of failute and, above all, the tragic deaths in the lonely desert. I actually slept a couple of hours, then got up early to prepare my television broadcast, which would explain to the American people what had occurred.

In my statement, I took full responsibility for the mission, outlined what had happened and gave my reasons for the effort I reminded the world of the Iranian crime and praised the courageous volunteers who had given their lives

As soon as they retuined home, I wanted to meet the members of the rescue team. Without any notice to the news media, I flew to see the team on Sunday, April 27. Their identities and location were confidential. When I stepped off the helicopter Colonel Beckwith was waiting. He was really a tough guy a former University of Georgia football player who had grown up a few miles from Plains and had dedicated his life to self-sacrifice for our country in the most dangerous and personal kind of combat service. His chin was quivering and tears were running down his cheeks. I opened my arms, and we embraced and wept together. He said, "Mr. President, I'm sorry we let you down!" I expressed with all my heart my appreciation for what his men had done

"Giving Away The Canal

T wenty-one years before I was born, an event took place at the home of then Secretary of State John Hay that was later to confront me with the most difficult political battle I had ever faced, including my long campaign for President On the night of Nov 18, 1903, a treaty was signed in Washington between the newly proclaimed Republic of Panama and the US No Panamanian had ever seen the treaty, the terms of which were highly favorable to the US Acting for Panama was a French businessman, Philippe Bunau-Varilla, whose authority was doubtful and who had not even visited Panama in 18 years

The treaty was ratified under Bunau-Varilla's threat that the US would withdraw its protection from the new republic and sign an alternative agreement that would effectively terminate Panama's existence. It was never clear whether John Hay or President Theodore Roosevelt concurred in this remarkable warning. The result of this act was the construction by the US of the Panama Canal within a ten-mile-wide strip of land extending from the Atlantic to the Pacific Ocean, one of the great engineering achievements of all time and a boon to the seagoing nations of the world. Within the Canal Zone, our country was granted in perpetuity "all the rights, power and authority—which the US would possess and exercise if it were the sovereign of the territory"

From the outset, Panamanians deeply resented this denial of their authority over part of their territory. That they retained ultimate sovereignty over the Canal Zone was clear from the treaty. Still, some Americans, including some mem-

bers of Congress, maintained that by granting the US perpetual authority over the Canal Zone Panama had given away sovereignty as well

During the 1976 presidential primaries Ronald Reagan accused the Ford Administration of maintaining a mouse-like silence" in the face of 'blackmail from Panama's 'dictator" General Omar Torrijos Reagan repeatedly used a line guaranteed to get applause "When it comes to the Canal, we built it, we paid for it, it's ours and we should tell Torrijos and Co that we are going to keep it!" Reagan's position appealed to many Americans because he presented the issue, simplistically, as a test of our nation's power and greatness

Nevertheless I came to believe that a new treaty was absolutely necessary I was convinced that we needed to correct an injustice Our failure to take action after years of promises under five previous Presidents was poisoning our relations with Panama. In addition, though we could not talk about it much in public, the Canal was in serious danger from direct attack and sabotage unless a new and fair treaty arrangement could be forged. Our military leaders came to tell me, and also testified to Congress that the Canal could not be defended permanently unless we were able to maintain good relations with Panama. The commanding Army officer in the Canal Zone estimated that it would require at least 100,000 armed men to defend the Canal within a hostile environment.

In addition, our failure to act on the treaty was forcing some of our best friends and allies among the other American nations to take sides between us and Panama, and they were not supporting us. This issue had become a litmus test, indicating how the U.S., as a superpower, would treat a small and relatively defenseless nation that had always been a close partner and supporter.

On March 13, 1977, meeting with the Panamanians in Washington, our negotiators proposed two treaties. One would set forth new arrangements for the joint operation of

KEEPING FAITH

Then he said, "Will you let us go back?" I told him I meant to ring them out, and I would certainly rely on his team as before, if I decided it was necessary

Beckwith told me that after the last helicopter had failed in the desert he had made an instant decision to recommend withdrawal, and that he had no doubt it was right. I asked why they had not destroyed the remaining helicopters and he explained that the helicopters were loaded with ammunition, any fires or explosions would have endangered the C-130s on which their lives depended

I also met with five Iranians who had helped us with the mission. They too were eager to return and assist us. I went around and talked to every one of the men, expressing our nation's gratitude for their heroism They were superb I would not hesitate to put my own life into their hands

We then had to respond to a rash of false news reports about the operation Among them were charges that I had slashed the plans and made them inoperable and that Colonel Beckwith and his men had wanted to go forward with the mission, but I had terminated it over their objections. Brown wanted to let Beckwith answer some questions from the press, but Charlie had been trained to conceal his identity and was reluctant to do it. He insisted on coming by to explain to me why he was going public While he was in the Oval Office, he paid me a compliment that may never be exceeded With some embarrassment he said, My men and I have decided that our boss, the President of the United States is as tough as woodpecker lips

One of the most difficult duties I had to face as President was the memorial service held on May 9 at Arlington National Cemetery for the eight servicemen killed in Iran. All of the families were to be there, and I was painfully aware of their sorrow I wanted to express my condolences and thanks to them, but feared that some of them might rebuff me because I was the one who had ordered the rescue mission to be launched As Rosalynn and I entered the small waiting room, I saw the wives, chil dren and parents of the men whose bravery we had come to rec ognize They were watching me as we approached One of the young wives came forward and held her hands out to me, and she was soon in my arms. They all seemed more concerned about my feelings than their own sorrow I was overwhelmed with gratitude toward the brave men who had been lost, and to their families who gathered around me. Their quiet courage and sensitivity exemplified in a special way the voluntary sacrifice and nobility of the men and women who served in the military forces, dedicated to preserving the freedom of us all

Carter had used his aide Hamilton Jordan to work with two secret emissaries, Argentine Businessman Hector Villalon and French Lawver Christian Bourguet in conducting covert negotiations with Iranian officials for freeing the Americans The talks had often looked promising, but repeatedly failed when the erratic Khomeini refused to order that control of the hostages be transferred from their militant captors to his government After the rescue attempt little progress was made until Algerian diplomats agreed to serve as official intermediaries between the US and Iran Through this channel, complex legal questions involving the disposition of the frozen Iranian assets were tackled and Iran dropped its demands that the Shah and all his financial holdings be returned to his homeland As the election of Nov 4 1980 approached, Carter believed that 'if the hostages were released my re-election would be assured If the expectations of the American people were dashed again, there was little chance that I could win 'After his loss to Ronald Reagan Carter continued to press the hostage negotiations right through his last day in office, Tuesday, Jan 20 1981

the Canal for the rest of this century, at the end of which Panama would assume total control. The other would guarantee the permanent neutrality of the Canal, and the right of the US to defend it

I decided to invite national leaders throughout this hemisphere to attend a signing ceremony on Sept 7 As Torrijos and I waited in a small office before entering the large assem-

bly hall, he tried to thank me for ending generations of frustration and despair among the Panamanian people But before he could finish his statement, he broke down and sobbed as his wife held him

On Aug 9, I recorded in my diary 'We sent all the Senators a telegram urging them not to speak out against the treaty until they know the details of the agreement Apparently it worked with most of them except for a few nuts like Strom Thurmond and Jesse Helms

The Senate had been debating Carter, Panama President Ricardo de la Espriella note eryone, friend or foe was ready for the verdict I listened to the final

vote on March 16 1978, in my little private office, checking off each Senator against the tally sheet where I had listed his or her commitment. I had never been more tense in my life as we listened to each vote shouted out on the radio. My assistants and I had not missed one in our count there were no surprises I thanked God when we got the 67th and deciding vote [The final vote was 68 to 32, a two-thirds majority is needed to pass a treaty | It will always be one of my proudest moments, and one of the great achievements in the history of the US Senate The vote on the second treaty, 33 days

later came out exactly the same as on the first treaty

I was exhausted exhilarated and thankful We had finally passed this huidle, one of the most one ous political ordeals of my life Many times I wondered if the results would justify the terrible political costs and the effort we had to exert Fach time, I decided that we simply could not afford to fail Privately Torrijos praised us highly, but later he revealed to the

> public that he had given orders for the National Guard to attack and blow up the Canal if the Senate had rejected our agreement

> If I could have foreseen early in 1977 the terrible battle we would face in Congress, it would have been a great temptation for me to avoid the issue-at least during my first term. The struggle left deep and serious political wounds that have never healed Were the treaties worth what we paid for them? There is no doubt that the answer is Yes! We are a nation that believes in equality justice, honesty and truth Would we have gone to war with Panama if the

treaties had been rejected. I honestly do not know. There is no doubt that, in a massive military confrontation, we could have prevailed against this tiny country but in the bloody process all of us would have suffered and the Canal would have been closed

Some fine members of Congress had to pay with their political careers for their votes during these long and difficult months Their courage represents the best of American Government, I am proud of the role they and I played in this dramatic and historic event



the first treaty for 22 days, and ev- treaties' third anniversary in Washington (Oct. 1, 1982)



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The Final Day

had not been to bed since early Sunday and I was discouraged and almost exhausted. Many agonizing hours without sleep had removed any bright visions of the future or vivid memories of the past. I could think only of the current challenge.

It was my last day in office, and in many ways these were the most dramatic moments of my presidency. America's diplomatic military and economic forces were marshaled, ready to respond to my command. It was a challenging and at times tormenting experience. I needed to be constantly aleit, but there were periods when I realized I was not at my best. I was searching for new ideas, trying to understand more clearly one of the most intricate financial and political problems ever faced by any nation. At stake were the lives of 52 human beings imprisoned in Itan for 444 days, and almost \$12 billion of Iranian assets.

Sometimes I was alone in the Oval Office but most often Hamilton Jordan and Jody Powell were with me Rosalynn stayed whenever she could repeatedly urging me to get some rest I spent most of the time at my desk, but when the action was slow, lav down on one of the small couches before the fireplace often with the telephones on the floor beside me I was talking to a number of people at different places in the world, and I took meticulous notes so that I would not become confused or forget what they said I watched the big grandfather clock by the door Time was an ever present concern

I knew that the reputation and influence of our country were hanging in the balance, and I cannot deny that I was eager to resolve this crisis while I was still President in order to justify the decisions I had made. I had a major responsibility and not much time left to carry it out. At noon, I would no longer be President.

The holding of the American hostages had cast a pall over my own life and over the American people since Nov 4, 1979 Although I was acting as President I also had deep private feelings. The hostages sometimes seemed like part of my own family. I knew them by name, was familiar with their careers, had lead their letters written from their prisons in Iran. More than anything else. I wanted those prisoners to be free.

Four days earlier my final effort for their freedom had begun, keeping us occupied throughout the weekend. On Friday Jan 16 1981 we had worked out with Iran the general terms for the release of the hostages. Since then, we had been afflicted by constant delays.

Throughout this gilm experience, it had been almost impossible to negotiate with the suspicious and irrational men who refused to communicate directly with me or any other American We all knew that the Iranians with whom we were working were under heavy attack from more militant officials who vehemently opposed any plans to release the hostages

An Algerian team under Foreign Minister Mohammed Benyahia were acting as intermediaries. The Iranians, who spoke Persian would talk only with the Algerians, who spoke French Any question or proposal of mine had to be translated twice as it went from Washington to Algiers to Tehran the answers and counterproposals had to come back over the same slow route.

As the arrangements were highly technical, they had to be translated meticulously and in proper legal form. Ten days after the hostages were imprisoned. I had impounded all Iranian assets held by Americans, including billions of dollars in gold and bank deposits. Provided, of course, that all the hostages were re-

turned unharmed, I had always been willing to release the assets Now, about two-thirds of the total would be transferred out of American control those funds held by the Federal Reserve Banks and by the overseas branches of twelve American banks. The remaining third, in domestic commercial banks, would be unfrozen

During the past 14 months, our financial institutions had managed these huge sums under unique circumstances, and now the twelve major banks had become part of the negotiating process. They had to be certain that these enormous sums were transferred legally and properly to avoid making costly mistakes or exposing themselves to future courtroom battles. Nor did I want to make a mistake

Not only in Algiers and Tehran but also in London, Istanbul, Paris Bonn and other world political and financial capitals, related negotiations had been under way for weeks Sunday, on my last visit to Camp David, I had signed the 15 documents necessary to initiate the financial transactions. Under the agreement worked out through the Algerians, enough Iranian funds would be held in escrow to pay any legitimate American claims. The Bank of England had been chosen to hold the escrow account in the name of the Algerian central bank. The balance would be returned to Iran. The Iranian gold we had seized had been transferred to the Bank of England on Friday so that there would be no unnecessary delays when the final hours came.

I returned from Camp David and, on Sunday afternoon, Jan 18 1 began to coordinate our efforts from the Oval Office I stayed there nearly all the time, whenever possible, Fritz Mondale, Presidential Counsel Lloyd Cutler and Treasury Secretary Bill Miller joined me The lawyers and Freasury officials seemed awestruck by the sheer size of the sums being handled, certainly one of the largest financial transactions in history

Ten of the banks had been cooperating but at times I had been angered because the Bank of America and one smaller bank seemed to be trying to compensate for unwise investment policies by claiming income from the Iranian deposits that they had not earned Now the twelve were in agreement but we had to be careful not to make a mistake that might tear apart our fragile arrangement

The necessary forces of our Government were focused on our task. The communication networks of various agencies were alerted and available to our team around the world. Secretary of State Ld Muskie was at his desk, maintaining contact with Algiers, where Warren Christopher was conducting the fitful discussions with Benyahia. Harold Brown was in the Pentagon, arranging for services that would be needed in the Persian Gulf region and at other points along the route to freedom, which we prayed would soon be taken by the hostages. Hundreds of U.S. and other officials were waiting for the final move of the cumbersome negotiating mechanism. It crept slowly haltingly sometimes in reverse, and its progress or lack of it was nerve-racking.

The moments of consternation continued to the end Sunday, after we thought all other arrangements had been made, we were checking to be sure that we were ready to transmit Iranian money from our Government depository to the Bank of England Cutler whispered that there was no way to transfer the Iranian money the Federal Reserve Bank of New York had no funds available Fortunately, a shift of funds among the banks of the Federal Reserve System corrected the problem. We had narrowly avoided a most embarrassing oversight

Early Monday morning I received word through Algiers that medical examinations of the hostages had been completed and all were fine, that the airplanes were ready for their flight, and that the Americans had been moved out to the vicinity of the airport. We eventually obtained tentative agreement from the reluctant Algerians that if absolutely necessary, their pilots would be willing to leave Iran after dark. When that message came I felt that I could relax for a few minutes.

At my desk in a small private room near the Oval Office, I sat alone in the dark, troubled by an uneasy feeling that would not go away Our signed agreements with Iran prescribed a rigid procedure for handling the funds, after which our hostages

KEEPING FAITH

would be released Everything seemed to be going well, except for that lingering concern in the back of my mind. I turned on the light and went down my handwritten list of sequential events that would have to take place. Finally, I realized that the Bank Markazi, Iran's central bank, had not sent the technical instructions required for the transfer. I called Christopher, Miller, Cutter, Powell and Muskie, in that order to tell them to check. I was right, it was indeed a problem. Benyahia discovered that the Iranian bank officials did not agree with the terms negotiated and were refusing to cooperate.

Everything else seemed ready but as the hours passed, the Markazi officials would not issue the necessary papers. I discovered that they were justified in not agreeing to the terms. Many of the financial records of the Iranians had been lost or were out of date because of the revolution and our seizure of their assets.

Under the current proposals the Iranians would not have been permitted to question the deposit and interest figures in the futture, even if a mistake were discovered

The planes were returned to stand-by The Americans, presumably, were back in prison Again I began to fear that the hostages would not be freed The chance of their release on Monday had now passed, we would have only one more chance before I left office

That afternoon, as I bade goodbye to my Cabinet, Muskie brought more bad news Christopher, normally an optimist, was discouraged because the Algerians' sense of urgency seemed to have vanished. We decided that Christopher should inform Benyahia that our authority would expire at noon the next day, his plane should stand by for his departure from Algiers at that time. We hoped this order would impress on the Algerians and the Ira-

The Moral Equivalent of War

"The energy crisis has not yet overwhelmed us, but it will if we do not act quickly Our decision about energy will test the character of the American people and the ability of the President and the Congress to govern this nation. This difficult effort will be the 'moral equivalent of war except that we will be uniting our efforts to build and not to destroy."

-Address to the nation April 18, 1977

When I declared the energy effort to be the moral equivalent of war, a phrase coined by William James and suggested to me by Admiral Hyman Rickover, it was impossible for me to imagine the bloody legislative battles ahead Throughout my entire term, Congress and I struggled with energy legislation. Despite my frustration, there was never a moment when I did not consider the creation of a national energy policy equal in importance to any other goal.

There was no doubt in my mind that our national security was at stake In 1973 at the time of the oil embargo, we were importing about 35% of our oil When I took office our dependence on uncertain foreign oil supplies had grown to almost 50%—about 9 million bbl a day We were the only developed nation without an energy policy, and our total energy consumption was at a record high. The program put into effect during my term has now reversed the movement toward disaster. In some ways the bitter four-year struggle that proved necessary made the final victory even sweeter.

Our problems in 1977 were twofold in the long run, available supplies of oil and natural gas would not be able to meet growing demand. We owed it to future generations to stop wasting so much energy and find other sources for fuel. The immediate problems were serious enough. Our excessive purchases on the world oil market were helping to force prices ever upward, and spasmodic shortages were damaging to the American economy. We were afflicted with both inflation and unemployment, and there was special suffering among the aged and poor

The international dangers were also obvious We and our major allies were susceptible to potential political blackmail from the oil-producing nations. Consumer nations that had little or no energy of their own were especially vulnerable and were inclined to modify their foreign policies accordingly.

Ignoring these unpleasant facts would have had grave consequences. Some of our more militant leaders were already talking about plans to seize foreign oilfields by force if our supplies were cut off again. Many others deeply resent-

ed that the greatest nation on earth was being jerked around by a few desert states

We realized that in order to stimulate American production and encourage conservation, our domestic prices would have to rise but in a predictable and orderly fashion, so that consumers of petroleum products would be protected from unreasonable fuel bills issued by an uncontrolled semimonopoly Also, the unearned profits from higher prices needed to be shared with the consuming public

The package finally approved was extremely complicated but far-reaching in its beneficial effect on our nation. The production of gas-guzzling automobiles would be deterred by heavy penalties, electric utility companies could no longer encourage waste of energy with their distorted rate structures and would have to join in a common effort to insulate buildings higher efficiency of home appliances would be required gasahol production and car pooling were promoted with tax incentives, coal production and use were stimulated along with the use of pollution-control devices and the carefully phased decontrol of natural gas prices would bring predictability to the market, increase exploration for new supplies and reduce waste of this clean-burning fuel. The new bills also included strong encouragement for solar-power development IIn a second round of energy legislation, Carter achieved the deregulation of domestic oil prices, the levying of a tax on the windfall profits from the resulting price increases and the creation of an \$88 billion program to develop synthetic fuels |

In looking back on the "moral equivalent of war" against energy waste and excessive vulnerability from oil imports, I see nothing exhibitating or pleasant. It was a bruising fight, and no final, clear-cut victory could be photographed and hung on the wall for our grandchildren to admire The results will have to speak for themselves, they are already doing so Our Administration left the country with petroleum inventories at record levels, a natural gas surplus and a fair distribution system for it, more exploration under way for new petroleum than at any time in history and an orderly plan for eliminating unnecessary federal restraints. The rate of growth of domestic coal production doubled, and oil imports and even total consumption dropped rapidly A substantial portion of the succeeding oil glut was caused by the worldwide shift to more efficient uses of energy and emphasis on fuels other than oil and gas

There will undoubtedly be alternating periods of shortages and oversupply in the future, but now our country is better equipped to deal with either eventuality. Most important is that the attitude of the American people concerning energy has changed. Maybe our efforts have engendered a spirit of common purpose and sacrifice that will be adequate to meet new crises—if we remember that the war is not over



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Nac York = Anthates and and the world



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At left, the Contriught Centre, location of RNB's Hong Kong offices

SPECIAL SECTION



Yellow ribbons, symbolizing America's 444-day vigil, festoon the route to West Point taken by the released hostages (1981)

nians that there was a deadline noon Tuesday, Jan 20 After that, neither Christopher nor I could speak for the US, and the entire negotiations might have to begin anew

To resolve the problem with the Bank Markazi, we decided to amend the agreement by deleting the objectionable language and to permit deposit records to be verified later. Drafting this change consumed several precious hours.

Shortly before midnight Monday, the telex message from the Iranian bank began coming through—a test message that would have to be perfected to constitute the final instructions so funds could be moved. I had been assured by Treasury officials that this kind of message would be sent using the most modern electronic technology for speed and accuracy.

Instead, the message was garbled and confused, it came through a few letters at a time. We made wry jokes about revolutionary-guard typists. The sloppy Iranians were aggravating, and my friend Charles Kirbo commented, 'Now I can understand why so many Iranians got shot.'

There was little we could do The American banks simply could not afford to act without legally accurate instructions. Time was running out I received a series of reports early in the morning of Inauguration Day, and I jotted down some rough notes as they came in

150 a m, from Treasury "The machine is burping!' The Bank Markazi was to send specific instructions to each of the twelve banks authorizing the transfer of exact sums of principal and interest amounting to \$55 billion. Lawyers and officials of all twelve, the Federal Reserve System and the Treasury Department were huddled over Teletype machines in London, Washington and Algiers to check the accuracy of the instructions (However, it seems the Iranian operator was only playing with the telex machine or checking out the line.)

2 23 a m, from Bill Miller at Treasury "The message is moving It looks good" (In fact, the first key test number was garbled, but Bill didn't have the heart to tell me)

2 40 a m, from Miller "The message is continuing but garbled If the test number at the end is accurate, we will buy it"

2 45 a m from Christopher 'I am ready to go to Benyahia but a serious difference has now developed among Americans concerning the escrow language—between Treasury and the Federal Reserve (This involved the Iranian money to be held to settle legal claims) The Fed lawyers state that they cannot sign the necessary documents (Treasury officials reported to me that the agreement was adequate Representatives of the Fed, an independent establishment, were not convinced)

I issue an order 'Treasury represents my position Notify the Fed officials to comply Let's move!'

3 05 a m, from Miller "The test number at the end is correct, but now we will have to correct all the errors"

I decide "Tell the banks to move using the garbled text They can assume that the earlier draft version from the Bank of England is correct"

3 16 a m, from Miller 'The money is moving to London (Cheers)

3 40 a m, from Robert Carswell Deputy Treasury Secretary "Federal Reserve attorneys in Algiers still refuse to sign Tony Solomon is the only one who can change their position"

The lawyers are claiming that without the deleted language they cannot approve the settlement terms I call Anthony Solomon president of the Federal Reserve Bank of New York, and ask him to instruct his attorneys to sign the agreement He is at home We connect him through State Department radiotelephone circuits to his lawyers in Algiers

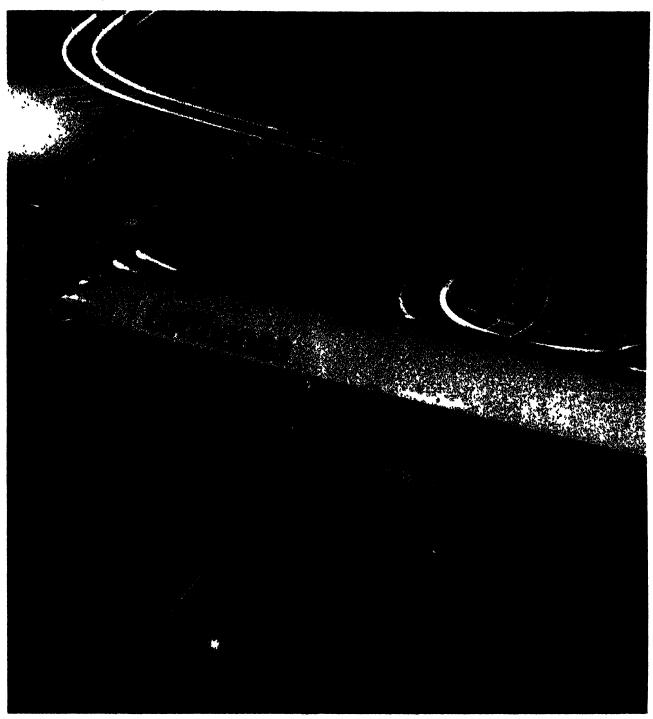
4 20 a m I listen to an unbelievable argument between New York and Algiers, with one of the irate Fed attorneys in Algeria finally saying that he is fainting and cannot discuss the subject any further! The other Fed lawyers in Algiers now claim they have never seen the agreements with Iran Again I tell Solomon "Have them sign the agreement"

Solomon "Mr President, there are problems, but we can sign with some very minor amendments" The amendments are drafted for approval by the Algerians

4 35 a m, from Miller "The money [from the private banks] is in Will now transfer to the Fed account in London. We're

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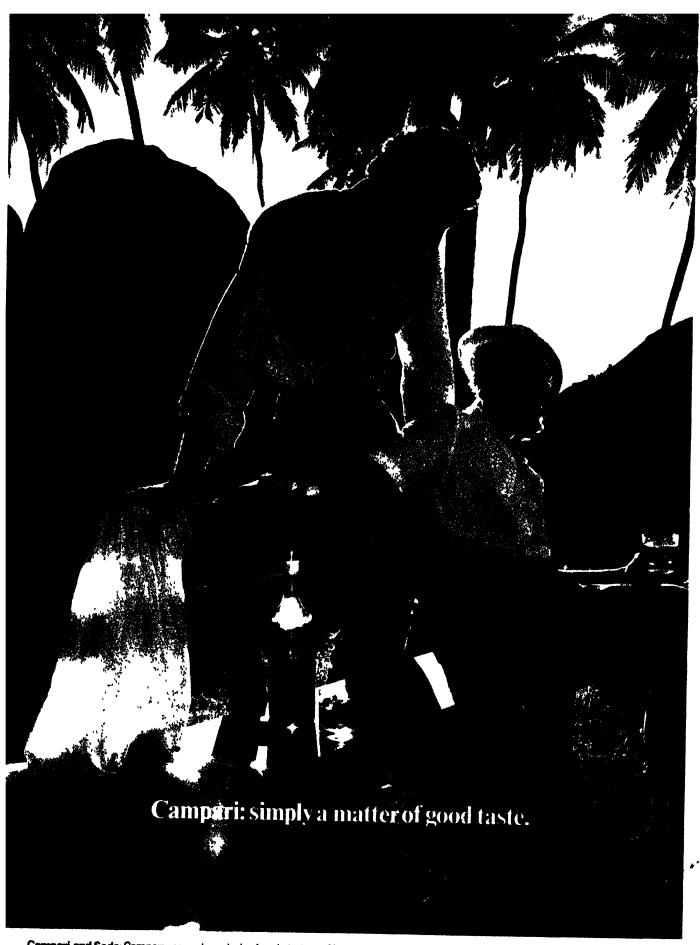
Style (Johannesburg) October 1981



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KEEPING FAITH

checking on whether the Algerians and the Bank of England are signing the escrow agreement "

A total of \$7 977 billion of Iranian money [the \$5 5 billion held overseas by the twelve US banks plus \$2 4 billion in fiozen Federal Reserve accounts] would have to be in the Bank of England and ready to be transferred from our account there to the Algerian account, the last step before the hostages can be released I tell Miller to be sure the Bank of England is ready with its certification of deposit so we will have no further delay after the funds are in London

4 38 a m from Christopher 'There is still a problem, and it is serious. Algiers will not accept *any* amendments proposed by the Federal Reserve lawyers unless they are first approved by Iran'

I tell Cutler 'Get Solomon, Christopher and the lawyers on the same line I will use all the authority I have to get this resolved. We can use the escrow agreement the written understandings and today's telex messages combined to cover any possible procedural problem. We can work out the remaining questions later. I eventually convince the Fed officials and attorneys that the package is adequate.

5 a m Finally, Solomon tells his attorneys 'Sign it

5.10 a.m. from Miller "The Bank of England will have to check the deposit. It will take about 15 minutes."

5 20 a m from Miller. It only took two seconds to transfer the money to I ondon. Now all we need are three things, the signed escrow agreement, the certification of deposit from our account to the Algerian account, and for Algiers to notify Washington and Tehran that all agreements have been fulfilled.

6 05 a m The Operations Center reports a message from Tehran control tower Line up Hight 133

6.05 a m. from Christopher. All parties are now signing the escrow agreement. Iran has been informed. Benyahia states that the hostages will be moved out within an hour after notice from Algeria.

6 35 a m from Christopher "All escrows were signed at 6 18 E S I The Bank of England has certified that they hold \$7 977 billion the correct amount. Now the bank must send this certification to Algiers."

6 47 a m from Miller All the money is in the escrow account. The Bank of England will now certify this fact to Algiers.

I place a call to Governor Reagan to give him the good news and am informed that he piefers not to be disturbed, but that he may call back later. I respond that I will call him when the hostages are released.

7 15 a m from Christophei "Amounts are being checked off as received. The message to Iran will be sent within 15 minutes after the Bank of England completes its certification that the money is all there

I reply Cy Vance's plane will be ready to depart Andrews Air Force Base when the hostages are airborne 'I had asked Cy to welcome the hostages in Germany He had already waited a long time at the airfield

7 30 a m I tell Miller to push the Bank of England Its delay is inexcusable. The officials there just seem to be enjoying the limelight. "The Bank of England would have been faster if they had hired the Iranian telex operator!" I exclaim

7 35 a m Rosalynn comes in with my razor, followed by a barber She says, "Jimmy you have foigotten to shave, and you need a haircut" I go to the bathroom for a quick shave, and then the barber cuts my hair while I talk on the telephone

7 55 a m, from our Operations Center in Washington "The planes are getting ready to take off" I am personally receiving reports on radio traffic almost halfway around the world—between the Tehran airport control tower and the three planes poised at the end of a runway

The long-awaited message has come to me from the Operations Center through satellite and other relay stations. I shout "Flight 133 is ready for takeoff" The Oval Office is filled with cheers. Now we need only the final word from Algiers to Tehran.

Flight 133 consisted of three airplanes Two were 727s, commercial passenger planes one to bring out the American hos-

tages and the other to serve as a backup or possible decoy. The third was a smaller corporate jet that would carry home the Algerian medical team that had examined the captive Americans.

8 18 a m, from Christopher "The bank certification was completed at 8 04 Algeria confirmed this at 8 06 They are now notifying Iran"

Our agreement with Algeria and Iran provides that when the Algerian central bank certifies that the required amount has been placed in the Algerian escrow account, "Iran shall immediately bring about the safe departure of the 52 U S nationals detained in Iran"

I tell Operations Center 'I want a report on takeoff and also when our people have cleared transan airspace"

8 28 a m from Operations Center "The planes are now standing at the end of the runway One Itanian I-4 [fighter plane] is active May be escort"

I then get a series of reports about escort planes orbiting the airport and a jeep checking the runway. I confirm the serial numbers of the two 727s to be sure they are the right ones. (Having dealt with the Iranian officials for many months, we were not surprised when they delayed the takeoff, for no apparent rational purpose.)

9 45 a m from Christopher 'Takeoff is not imminent but I can state for certain that it will be before noon. Iran asks Algeria not to announce departure until after the planes clear Iranian airspace'

Lanswer, We will try to comply

10.45 a m, from Rosalynn 'Jimmy the Reagans will be here in 15 minutes. You will have to put on your morning clothes and greet them.

Free at Last

left the Oval Office reluctantly after making arrangements to be kept informed about every development and walked rapidly over to my private quarters in the White House As I put on my rented formal suit, I was able to transfer my thoughts for the first time to the Washington ceremonies now about to begin They seemed like a dream reality was in the Oval Office Algiers and Iran

I combed my hair in the President's bathroom a convenient cubicle with rows of electrical outlets installed when I vidon Johnson once found electrical devices plugged into all the existing ones. As I looked at myself in the mirror. I wondered if I had aged so much as President or was just exhausted. As I rode to the Capitol and sat through the Inaugural ceremonies, the hostages were always on my mind. I still had no assurance that my efforts would be successful, and no way to know that this would soon become one of my happiest days, even happier than that day exactly four years earlier when President Gerald I ord had greeted me on the way to my own Inauguration.

Less than two hours later. I was notified through Secret Service radios that at 12.33 p.m. the first aircraft had been allowed to take off nine minutes later the other had followed. I was no longer President of the U.S. The hostages were free

It is impossible for me to put into words how much the hostages had come to mean to me or how moved I was that morning to know they were coming home. At the same time, I was leaving the home I d known for four years too soon for all I had hoped to accomplish

I was overwhelmed with happiness, but because of the hostages' freedom, not mine

Environment

COVER STORY

Tackling the Last Frontier

The rush is on to develop—and preserve—the Amazon

The river ran, a broad highway of molten gold, into the flaming sky, the far-off mountains loomed purple across the marshes, belts of rich green the riverbanks stood out on either side against the rose hues of the rippling water in front, as we forged steadily onward, hung the tropic night, dim and vasi

- Theodore Roosevelt Through the Brazilian Wilderness

he wet squalls rise and cool as they collide with the mountains, building massive snow beds in the Peruvian Andes When the snow melts, it becomes white water cascading off the towering slopes into the continental basin and carrying eroded mud and minerals on a meandering, 4,000-mile journey to the sea. From the vast upland forests of Colombia Brazil and Venezuela, channels of black water-four miles wide and 200 ft deep in some parts-join the main stream Farther along, pristing blue and green waters come rushing down from the highlands of Surinam, Guyana, French Guiana and central Brazil Pulsing and churning, roiling and eddying in a maelstrom of fluid colors, more than 1,000 tributaries merge into a single gargantuan tide that, at its gaping estuary, spills 6 million cu ft of water every second into the Atlantic Ocean enough to color the sea a turgid brown more than 60 miles from the

There is no place like it on earth Indeed, for explorers like Theodore Roosevelt, who spent five months in 1913-14 blazing trails through its uncharted jungles, or Jacques-Yves Cousteau, who embarked on the "most complicated" voyage of his life in June, the mighty Amazon River is a mystical gateway to nature's last frontier The lore of this awesome stream, infested with ferocious piranha and catfish large enough to gulp small children, surrounded by lush rain forests, with trees up to 150 ft tall stretching hundreds of miles, is also gilded by a lingering legend that this formidable landscape conceals phenomenal treasures

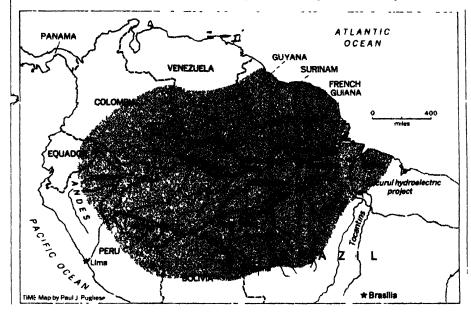
In 1541, a Spanish expedition led by Francisco de Oiellana sailed down the Amazon looking for the fabled kingdom of El Dorado * Instead, Orellana and his men encountered what they took to be a tribe of warrior women, described as

*FI Dorado or 'the gilded one was a mythical king in South America whose body according to legend was dusted with gold each morning and rinsed each evening.



North channel of the Amazon near its mouth, left; a bend in the Jiparaná River: no place like it on earth

MEYER -- BLACK STAR



'very robust with bows and arrows in their hands each doing as much fighting as ten Indian men 'The startled Spaniards associated the female warriors with the fierce Amazons of classical mythology and named the great river after them

More than four centuries later the magical allure of an El Dorado shrouded

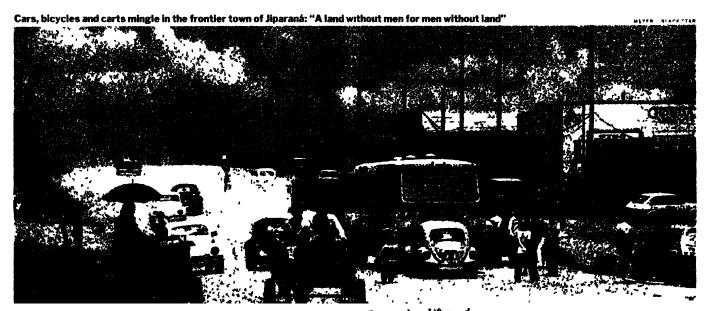
by murky rivers and thick jungle still endures. The government of Brazil is convinced that one golden path to prosperity lies in harnessing the mammoth resources of the 2.7 million sq. mi. of the Amazon basin. The bulk of that territory is in northern. Brazil, but it also stretches across parts of Bolivia. Colombia. Ecua-

dor Guyana, French Guiana, Surinam, Peru and Venezuela The potential wealth is no chimera the Amazon region is known to contain the planet's largest stands of timber and deposits of iron, as well as uncounted fortunes in tin, bauxite and manganese, and possibly the world's biggest store of gold

Yet to many ecologists the Amazon's most piecious treasure is its intricate interplay of water, plant and animal. The region is an undisputed miracle of nature generating 23% of the earth's surface fresh water and unknown quantities of its oxygen Careless exploitation of the Amazon, environmental experts warn, could cause irreparable damage to the global ecological balance.

Brazil, however, faces grave economic problems. By the end of June the country had piled up \$71 billion in foreign debt, the world's largest on a per capita basis and second in absolute terms only to Mexico's (\$80 billion). Brazil also has a burgeoning population (122 million) and rampant inflation (98%) At the moment only $2^{r}c$ of Brazil's gross national product of \$280 billion is derived from the Amazon and Brazilians are embracing an old slogan with new urgency. THE AMAZON IS NOT A PROBLEM 11 IS A SOI UTION

The dilemma facing Brazil and the rest of the world is one of the more per-



13小被主人第二二





Trees smolder in a jungle clearing at the Jari project







Working tin slurry at a mine in Rondônia

plexing conflicts between rich and poor nations how to fulfill one country's aspirations for economic development while preserving a vital part of the earth's environment Many Brazilians perceive international campaigns to shield the Amazon's ecology from torch and bulldozer as a form of imperialism. The underlying goal, as they see it, is to prevent their country from tapping the jungle's largesse and thus protect future access to those riches for foreign enterprises. As a result, a nationalistic zeal now infects Brazilians concerning what they proudly, and perhaps correctly, call "the last frontier" Savs Adeildo Martins de Lucena, editor of Correto do Sul a newspaper in the Amazon town of Vilhena "The Amazon is not the lungs of humanity We have the same right to destroy our wilderness as the

Right or wrong, man's encroachment on the Amazon is accelerating, and nowhere more than in Rondônia, a fertile area to the southwest of the basin Fleeing the crowded and depleted agricultural land of the south or the drought-stricken

Americans had in the Far West

farms of the northeast, impoverished families are migrating in droves to seek new lives and perhaps strike it rich in the vast jungle They pile their belongings on creaking flat-bed trucks called pau de araras (parrot perches) and bump along Highway BR-364, the dirt road that leads to Rondônia's virgin forests. Some 57,000 new settlers arrive each month Rondónia named after Cândido Mariano da Silva Rondon a legendary Brazilian army officer, jungle explorer and humanitarian, now expects to double its population to 1 3 million by the end of next year. It became Brazil's 23rd state in December As former President Emilio Garrastazu Medici once said, Rondônia is 'a land without men for men without land "

Most of the settlers who flock to dusty towns such as Pôrto Velho and Vilhena seem prepared for jungle hardships and often carry enough bags of rice, beans, sugar and coffee to last for an entire year They dream of ending up like, say Luis Bernardi, 36, a former truck driver from São Paulo who in 14 years has amassed a fortune in real estate and retail stores He

owns an eight-room house, a country estate and 740 valuable acres in Jiparana a rugged frontier outpost where land-grabbing feuds a decade ago inspired a murder a day "The wild times are gone now, and I have no enemies around,' says Bernardi 'I'm thought to be a humble person You have enemies when you are very ambitious'

Nonetheless just as in the days of America's wild West, violent quarrels persist over land titles in Rondônia Many of the clashes have occurred over the creation of cattle ranches and large plantations Families of possenos (squatters) cultivating a few acres are evicted by gatos (wildcats) who employ migrant workers to clear the rain forest, build trails and erect barbed-wire fences on behalf of the grupos fortes, the powerful groups of absentee landowners who remain in São Paulo Lately many of the settlers have begun to battle back against the landowners and their hired gunmen

"Many think they have been abandoned by the government," says a newspaper reporter in Cerejeiras, another Am-

Shoppers inspect the river's bounty at a fish-and-produce market in Belém



Manaus' opera house, crowning glory of the boom years



Environment

azon town Without any other means of survival, they are determined to take justice into their hands as a last resort to defend their farms 'The three-year-old military government of President João Baptista Figueiredo staunchly supports Amazon immigration and encourages settlers with free land The government is counting on the rush to Rondônia to shift unemployed rural farm workers onto arable land

Brasilia's main imperative is to stock the Amazon with people who can manage and operate the massive development projects that have sprouted up there in recent years. Besides offering lucrative tax advantages to large private business enterprises the Figuerredo government has poured an estimated \$20 billion into Amazon development since 1979, including the construction of mineral processing plants and timber mills around eleven industrial centers scattered throughout the river basin. The enormous development costs have raised bankers fears about the country's horrendous debt, but politicians endorse the investment with patriotic fervoi. Opening up Amazonia is out moon shot said a Brazilian senator several years ago "It lacks only capital technology and a spirit of enterprise and, above all, people

razil's ambitious plans for the Amazon however, have long wortied ecologists who contend that disrupting the fragile life cycle of the rain forest could have disastrous effects around the world. As developers continue to burn and raze vast swatches of the Amazon forest scientists are warning about three dangerous consequences.

Desertification. Half of the Amazon basin's rainfall is generated by the forest Where large patches of trees are cut, rainfall is reduced and erosion rises dramatically Scientists maintain that if too much of the forest is lost, more solar heat will be reflected from the bare soil leading to changes in air circulation, wind currents and weather patterns. When you replace the rain forest with something that has less leaf surface you have less transpiration [the exuding of water vapor] less rainfall and thus a dryer climate," explains Thomas Lovejoy, vice president for science at the World Wildlife Fund (US)

'If too much forest is lost, at some point there will be an irreversible drying trend Lovejoy and other scientists believe that such a drying trend could drastically alter the remaining Amazon forest and possibly inflict severe climatic changes far beyond the tropics. A dryer, warmer climate in the equatorial zone, for example, would tend to push the temperate zone northward, thereby shifting the grain-growing belts in the US and Canada

Carbon Buildup. Tropical forests contain enormous quantities of stored carbon The steady burning of fuels such as oil and wood has greatly increased the carbon dioxide in the atmosphere. To clear immense tracts of the Amazon jungle, developers have set fires that produced so much smoke that airports 100 miles away were forced to shut down due to lack of visibility luture deforestation of the Amazon could magnify the atmospheric accumulations of carbon dioxide, causing warmer climates through what is known as the greenhouse effect. Much like the windowpanes of a greenhouse, carbon dioxide traps the sun's radiated heat in the earth's atmosphere Says Lovejoy "A global

Charting the River of Life

French Oceanographer Jacques-Yves Cousteau, the world's best-known sea explorer embarked last June on a nine-month journey up the Amazon River, an undertaking that he describes as his "most complicated and important expedition TIME's South America bureau chief, Gavin Scott, visited Cousteau aboard his expedition vessel, the 360-ton converted minesweeper Calypso, near Iquitos, on the upper reaches of the Amazon in Peru, for a firsthand account of how the scientific cruise is faring Scott's report

The helicopter clattered through the steamy sky, skipping over a series of shantytowns that dotted the lush land-scape before homing in on the white-hulled vessel anchored in midstream. The gaunt 72-year-old captain could barely

conceal his enthusiasm as he proudly gave his visitor a tour of Calypso "We've got the state of the art," said Cousteau, as he waved his arm toward a wheelhouse crammed with electronic gear. The equipment seemed capable of launching an interplanetary missile two radar systems, a gyrocompass, satellite-navigation equipment, an echo sounder, a sight-scan sonar and a projection microscope

Cousteau's 4,000-mile exploration will require every bit of that technology and more the \$5 million project, financed by US Entrepreneur Ted Turner, National Geographic magazine and members of the Cousteau Society in America.

is one of the most ambitious studies ever undertaken of the Amazon "This is the first time there will be a global picture of the river from its source in the high Andes mountains of Peru to the estuary flowing out into the Atlantic," Cousteau explained The expedition will survey not only the Amazon but also its main tributaries and nearby lakes, while a "land team," headed by Cousteau's son Jean-Michel, studies the relationship of river inhabitants and the jungle to the water system.

Cousteau says that his main purpose is to form "a continuous profile of the water quality of the Amazon, its salinity, oxygen content and everything connected with aquatic life" In the first four months of the study, thousands of water samples have been extracted Each day Cousteau's team produces computerized print-outs of temperature, salinity and water transparency. The murkiness of the river has made photography difficult for Cousteau's divers, but sonar readings are providing fascinating glimpses of teeming underwater life "One

of the surprises has been that the fish talk all day long." says Cousteau "It is like daybreak in the forest, as the sounds come over the hydrophones"

Asked his views on the destruction of large areas of the Amazon basin by man, Cousteau refuses to criticize the governments of the area for environmental damage compromise, he says, should be found between conservationist demands to halt further exploitation and developing nations' needs to tap the river and the jungle for resources Explains Cousteau "It is easy to say 'Do not pollute, do not cut down that tree,' when you have a steak and a beer "



Cousteau, left, and colleagues explore the jungle near Manaus

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Environment

warming trend could raise temperatures at the poles and cause sea levels to rise enough to inundate coastal areas around the world "

Species Extinction. The least dramatic but most tragic effect could be the loss of species and genetic diversity. Of an estimated 5 million to 10 million plant, insect and animal species in the world. I million are located in the Amazon basin The river contains more than 2,500 species of fish, ten times the variety found in the Mississippi River This abundant array of wildlife and vegetation is sustained by fascinating forms of collaboration and adaptation The senna tree, for example, yields a yellow-and-brown flower, which plays host to a spider whose yellow and brown spots provide perfect camouflage, the spider feeds on insects lured by the scent of nectar, thus shielding the flower from its enemies Leaf-cutter ants use scissor-like jaws to carve bits of leaf that they carry back to their nests and infect with a fungus which they then eat Since the river water is relatively free of nutrients, some varieties of fish survive by swimming through forest flood plains, gorging on seeds, fruit and insects to build up a fat supply on which they can live during the lean months when the waters recede

uch species are highly vulnerable to man's efforts to clear the jungle Ghillean Prance, senior vice president for science at the New York Botanical Garden, charges that about 20% of the Amazon basin has been deforested and that a decline in species has already begun "Our survival depends on diversity," says Prance "The world today is fed by fewer than 20 major food crops If one of these is extensively damaged by pests or disease, part of the world faces famine" He insists that it is vital to maintain a gene pool from which to develop new species and that the Amazon is the most prolific source. Only one species of cocoa plant, for example is now harvested commercially while 20 others are known to thrive in the Amazonian forests Similarly, man taps only two species of the rubber plant, but there are 13 others growing wild in the jungle In addition, the Amazon has unknown numbers of plants that may have important pharmaceutical uses "This is a crucial moment," warns Prance We have to learn as much as possible now before more species are destroyed forever"

Brazilian officials dismiss Prance's fears and contend that only 1% of Amazon tree cover has been lost Nonetheless President Figueiredo has adopted a more solicitous approach than his predecessors toward preserving the Amazon environment After taking office in 1979, he decreed that "future development of Amazonia must stress the need to preserve ecological equilibrium to which protected areas of the forest are indispensable "His government is trying to create legislation that would provide sanctuary for 800 000 sq mi of parks reserves and forests in about 20 sites In addition small-scale landholders are now required to maintain half of the land they buy in its natural state, a stipulation that is often honored in the breach

Brazil's current policy stems not only from sudden alarm about the fate of the Amazon's ecosystem but also from a chastening failure in past efforts to transform parts of the jungle into cattle ranches and grain farms. Despite the Amazon's profuse foliage, 98% of the soil is too poor to support agriculture. Betty Meggers, an anthropologist at Washington's Smithsonian Institution, calls the Amazon "a counterfeit paradise" whose 'fantastic complexity, infinite diversity and marvelous integration" obscure what is basically

"a castle built on sand The Amazon's rain forest flourishes in spite of poor soils, not because of them A spreading mat of roots covers the jungle floor, absorbing nutrients from decomposed matter and tepid rain water that drips from the forest canopy Bacteria and fungi in that tropical climate require only six weeks to decompose fallen leaves, branches and fruit far less than the year needed in more temperate zones. The jungle's rapid metabolism provides no opportunity for the ground to evolve into fecund loam When cleared of vegetation, the Amazon's soil bakes as hard as brick under the hot equatorial sun

When famine thicatened northeastern Brazil following prolonged drought, the government decided in 1970 to build the Irans-Amazon Highway to encourage cultivation of the Amazon as a breadbasket for the nation Huge sections of the rain forest were cleared to make way for cereal farms timber projects and cattle ranches. The schemes failed miserably. Initial harvests proved satisfactory because the ash of burned forests provided enough nutrients for the grass and grain But by the third year, nutrients were exhausted and the soil grew unproductive 'Rice was seen as a panacea in the early 1970s, but turned into an economic debacle,' says Dennis Mahar a World Bank economist Since rice could not be sustained on the same plot for more than one or two years, it caused more deforestation than any other crop "Similarly grass intended for cattle grazing yielded little more than scrub within two years

Lumbermen too discovered that the jungle resisted conventional forestry techniques. The Amazon's evolution has encouraged diverse growth with trees of any single species dispersed to inhibit the

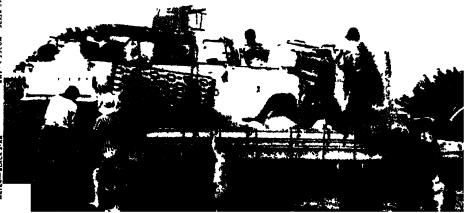




Kamayurá Indians fishing with bow and arrow



After migrating from southern Brazil, a family unloads its possessions in Rondônia



This is another image of the nation that is the world's largest exporter of coffee.

Brazil is noted for being the world's largest coffee exporter But the Brazilian economy doesn't grow and thrive on cottee exports alone Last year, more than half of Brazil's 23 billion U S dollars in exports consisted of industrial products and sophisticated services Compare this with 1970, when exports totaled a mere 2.748 billion U S dollars Today, thanks to this nation's development of economical, efficient hydroelectric power with a potential estimated at 213,000 MW - Brazil ranks as one of the ten most heavily indus-trialized nations in the West Between 1970 and 1980, agricultural production increased 66 7% And now, Brazil is close

to becoming the second largest food exporter in the world. In addition, Brazil also exports planes, ships, shoes, canned sweets, textiles, diverse technology—and many other products and services to key markets spanning the globe. In recent years, the average yearly increase in Brazil's Gross National Product has been one of the highest in the world. And, per capita income in 1981 was in the area of 1,990 U.S. dollars. Brazil has a national territory of 8 1'2 million square kilometers and a population of 120 million, half under 20 years of age. Gross savings are equal to 25'% of the GNP.

And, to keep pace with all this development Brazil has a great bank with 70 agencies abroad and 2,000 branches within

the nation's borders. That bank is Banco do Brasil. Since it opened its first overseas agency in 1941, Banco do Brasil has been a principal link between foreign investors and Brazilian businessmen. Today, Banco do Brasil stands as the main financial agent of Brazil. With its help, you can discover all of Brazil's financial potential in the areas of business dealings, investments, and mutually profitable joint ventures with your Brazilian counterparts.



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FRANKFURT • GENEVA • GRAND CAYMAN • HAMBURG • HOUSTON • LACOS • LA PAZ • LIBREVILLE • LIMA • LISBON • LONDON • LOS ANGELES • MACAU
MADRID • MANAMA • MENDOZA • MEXICO CITY • MIAMI • MILAN • MONTEVIDEO • MONTEVIDEO IOLD CITYI • NEW YORK • OPORTO • PANAMA
PARIS • PARIS (OPERA) • PAYSANDU • PUERTO PRESIDENTE STROESSNER • QUITO • RIVERA • ROME • ROTTERDAM • SAN FRANCISCO • SAN JUAN
SANTA CRUZ DE LA SIERRA • SANTIAGO • SINGAPORE • STOCKHOLM • SYDNEY • TÉHRAN • TOKYO • TORONTO • TUNIS • VALENCIA • VALPARAISO
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First to tell you how much you get. Business to tell you how little you pay. The name tells the story.





A jaguar relaxes in a tree

spread of disease and predatory insects Rubber trees for example usually grow 50 yds apart in the Amazon. Their chief enemy a minute spore that gives rise to leafrust fungus rarely travels more than 30 yds. Consequently timber merchants find no uniform swatches of mahogany or teak ready to cut and haul away. They must forage through a baffling assortment of trees before locating the kind they want to chop down. The Amazon is a biologist's dream but a forester's nightmare, says Lovejoy. Imagine trying to manage a twelve-acre patch with 300 species on it.

The Amazon possesses another formidable defense against man's invasions tropical disease. One of the world's highest incidences of leprosy occurs in the southwestern Amazon. In Rondonia 10% of the population is said to be afflicted with malaria. Parasites usually carried by sand flies and wild animals cause a host of hideous ailments. like leishmaniasis a kind of skin disease that causes deep sores in the lining of the nose and mouth.

he Amazon's awesome qualities owe much to its unusual past About 165 million years ago, the continents of Africa and South America were united as part of a huge landmass called Gondwanaland When the land split apart, the South American fragment began to drift slowly westward About 15 million years ago, it collided with an underwater segment of the earth's crust a plate that was part of the Pacific Ocean floor The impact plunged the edge of the Pacific plate beneath the western coast of South America and the Andes Mountains rose up, allowing the formation of a great inland sea between the Andes and highlands to the east known as the Brazilian and Guyana shields

Ultimately, that body of water penetrated the eastern hills at a point called Obidos Narrows not far from the present-day city of Santarem. The Amazon settled into its modern geological pattern about 10 million years ago, but shifts in climate drastically altered the face of the great rain forest. "During the ice age, the Amazon was a lot dryer and temperatures were lower, so the tropical jungle shrank, leaving pockets of forest amid the savan-



Egrets wade along the riverbank: an intricate interplay of plant, water and animal

na 'says Prance While the jungle was divided into these islands, each patch developed new species of its own "When the ice age ended [about 10,000 years ago] the forest merged once again but with a greater number of species than before

Mankind first arrived in the region about 22 000 years ago and spent most of the subsequent millenniums in harmony with the jungle. Only the latecomers have tried foolishly to subdue it. A succession of European scafarers and traders in the late 16th and early 17th centuries sought to organize the Western Indies' and cultivate sugar plantations in the Amazon but many of them were forced to return home often haggard, feverish and bank-rupted by the jungle experience.

Then, in the 19th century Brazil's merchants discovered something better than gold Havea brasiliensis the rubber tree Waterproof shoes buckets, pouches and pillows were produced from the elastic extract, and when John Dunlop patented the pneumatic tire in 1888, the rubber boom exploded Indians were enslaved to tap the trees and haul the precious cargo aboard ocean freighters that made the seven-day cruise up the Amazon to the frontier port of Manaus. As rubber prices soared from 10¢ to \$3 per 1b. Manaus (pop 50 000 at its zenith) became one of the wealthiest cities in the world.

The rubber barons who amassed overnight fortunes decided to transform their roughneck outpost into a 'Paris of the tropics' Elegant squares and mansions adoined with Italian marble and I rench furnishings were set down on the fringe of the jungle Children reportedly played with toys of gold men lit cigars with 100-milreis notes (\$54), and silk shirts were blithely dispatched to Europe to be laundered For a while, Manaus was the world's biggest diamond market

The pearl of Manaus' prosperity was a lavish opera house called Teatro Amazonas. The domed rococo theater opened in 1896 after 17 years under construction. Top European artists were commissioned to paint the murals. Opera troupes from the Old World, offered five times what they earned back home ventured to the cultural oasis overlooking the jungle port.

When the bubble finally burst, the



A piranha smiles toothly for the camera



Titanus giganteus, an Amazon-size beetle

city's decline was equally spectacular. In 1876, an English visitor to the Amazon, Sir Henry Wickham carried out 70 000 rubber seeds and later transplanted them in Sti I anka, Java, Singapore and Malaysia By 1910, news arrived in Manaus of the first rubber harvests in Asia, and the efficient producers in the Fai Last quickly undercut the Brazilians By 1912 prices for latex had tumbled disastrously. The extravagant life of Manaus was reclaimed by the jungle the opera house was reduced to showing plays and movies, the marble mansions were soon swarming with lizards and bats and the pioneers of the rubber boom sailed back to Europe

But the city survived and even enjoyed a brief renaissance during World War II. In an effort to promote investment, the government declared Manaus a free zone in 1967. In this less lurid incarnation, the city has become a mecca for tourists seeking low-cost watches, radios and electronic gadgets (most of them locally assembled from imported parts). If modern Manaus (pop. 380,000) is a pale reflection of its past, it remains the last haven of civilization on

the road west into the Amazon jungles,

The rubber experience left evil scars on the Amazon Thousands of trees were destroyed in the lust for quick yields Food crops were abandoned Worst of all, the human exploitation nearly devastated the Indian populations in the jungle A British investigation into rubber collection in the Amazon's Putumayo region determined that the 4 000 tons of rubber produced there from 1900 to 1911 cost about 30,000 lives Native Indians enslaved by traders were subjected to wanton atrocities, charged a British official at the time such as flogging torturing burning and starving to death surpassing in horior anything hitherto reported to the civilized

world during the last century." In this century alone 90 tribes are reported to have become extinct and another 24 are considered in serious jeopardy. Biazil's recent attempts to protect the Indians through special legislation may be too late. Between 5 million and 6 million of them once lived in the Amazon basin to-day there are as few as 200 000.

Despite the end of the rubber boom and the discovery of its attendant cruelties the romantic appeal of the Amazon did not die. The U.S. automobile tycoon Henry Ford wanted to control his firm's access to rubber supplies, so in the mid-1920s he decided to grow his own. He acquired close to 2.5 million acres about 100.

miles south of Santarém and set up a plantation colony called Fordlândia An entire community, including hospitals, a power station, a private railway and housing for 3,000 workers, was carved out of the virgin jungle Young rubber trees bred in Java and Sumatra were transported to Brazil, where they would gestate for seven years before the latex would flow

But I ord failed to heed the jungle's laws I eaf-tust fungus ravaged most of the trees because they were planted too close together Undaunted, Ford chose another site and tried again, only to have the entire venture collapse with another decline in rubber prices after World War II and a rise in the use of synthetic rubber. In late

Mining a Modern El Dorado

n 1967 a Brazilian geologist working for U.S Steel Corp was conducting a survey in the southeastern Amazon when his helicopter was forced down by mechanical trouble. The aircraft landed in a clearing, a curiously bare patch in the endless green tapestry of jungle Upon closer inspection, the plot and similar ones near by turned out to contain an iron-rich crust called canga After suiveying the area, geologists discovered that they had stumbled upon one of the world's largest lodes of mineral wealth an estimated 18 billion tons of open-pit minable iron ore, 145 million tons of bauxite, 1 2 billion tons of copper, 6 million tons of manganese and some gold

Thirteen years later, the mineral bonanza in the Serra dos Carajás. 340 miles south of Belém, has become the focal point for what Brazilians proudly describe as "the project of the century" The Companhia Vale do Rio Doce (CVRD), a corporation owned on a 2-to-1 basis by the Brazilian government and 35,000 private shareholders, has been entrusted with the challenge of opening up the great iron-ore find Even foreign observers are impressed with the range and depth of opportunities at Carajás Says Canadian Ecologist Robert Goodland, an expert on the Amazon basin who works for the World Bank "If there is an El Dorado, this must be it

The industrial potential of the region is considered to be virtually limitless because the mineral-laden Carajás hills are near the Tucurui hydroelectric project on the Tocantins River The Tucurui power plant (which will start operating in 1984) should generate 7,900 MW of electricity, enough to supply a city of 4 million people "Carajás is the most exciting development project we have," says World Bank Economist Dennis Mahar "The region already forms a kind of industrial pole."

Though the Carajás iron-ore project is still far from being what CVRD Financial Director Samir Zraick calls "an integrated system of mine-railway-port," mining has got under way Huge electric shovels rumble across open-pit mines, scooping up red earth and dumping it into trucks that wind their way along hilly roads to processing units three-quarters of a mile away Since the ore has a high natural iron content (an average of 66%) it requires little treatment before shipment By 1987 Carajas will yield 35 million tons of ore a year, with production scheduled to increase to 50 million tons annually later CVRD expects to earn as much as \$20 billion over the first decade of production

But Carajás has also attracted a growing number of critics as the world recession bites deeper Some Brazilians, including opposition political parties scientists and even some members of the military, argue that the government should not be investing billions of dollars in such a massive project at a time of increasing debts and slumping commodity prices Brasília's economic planners, however, expect that world steel output

will begin to rise again in 1985 thus spawning demand for high-grade iron ore Moreover, the government claims that exploiting nonferrous metals can benefit Brazil even if export markets are bleak right now In 1980 Brazil spent more than \$500 million on copper, nickel, bauxite and manganese imports that foreign exchange could be saved when Carajas begins to yield its riches

The government maintains that once the project is completed more than a million jobs will have been created, and Brazil will gain more than \$15 billion a year in foreign exchange along with accompanying agricultural, cattle ranching and forestry development. If that forecast proves to be true, Carajas may well be worth the total estimated development price tag of \$60 billion, largely to be financed by foreign loans and private investment, both from home and abroad Most encouraging of all Carajás seems to reflect a new determination to harness the Amazon's resources without spoiling the jungle's delicate ecology a task force of independent scientists has been set up to advise the CVRD on conservation measures



iron-ere mining site at Carajás, one of the world's most exciting development projects

Environment

1945 after pouring more than \$20 million into his Amazon rubber dream, Ford sold off his holdings to the Brazilian governant for \$250,000

Other magnates have been lured to the Amazon by vain dreams of wealth and glory US Shipping Executive Daniel Ludwig purchased a Connecticut-size tract of jungle (4 million acres) for \$3 million in 1967. He launched a timber woodpulp and agriculture project at Jari, about 250 miles west of Belem that dwarfed Ford's rubber plantation A \$269 million pulp mill 17 stories high (with its own power plant) was built in Japan and floated on barges across two oceans and up the Amazon to Jan Twenty-six hundred miles of toad and a 45-mile freight failway were laid down to haul lumber and kaolin a clay used to coat printing paper out of the rain forest to the deepwater port More than 250 000 acres were stripped to plant gmelina pine and eucalyptus trees that would be processed into paper products. Ludwig invested nearly

haps the most costly entrepreneurial scheme ever undertaken by one man

A sprawling community of 30 000--migrant laborers and well-paid American and Brazilian executives -- came to live and work in Jan seeking to transform Ludwigs fantasy into reality. But the jungle soon began to retaliate Torrential rains up to 100 in a year at Jari washed out roads when the tree cover Jwas cleared Ants and termites destroyed crops and supplies Malaria and meningitis plagued the work teams Cuant bulldozers brought in to raze the jungle damaged the delicate topsoil so badly that many of the gmelina seedlings which were exmonth, quickly died Wrote Elio Ciaspari, a guest colum-

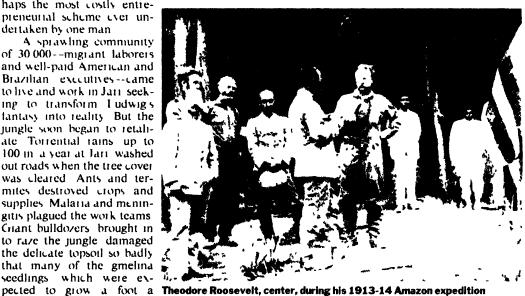
nist for the Rio de Janeiro daily Joinal do Brasil 'He [Ludwig] was cursed

Ludwig's abrupt manner exacerbated Brazilian suspicions about foreign control of the Amazon When he threatened to shut down Jari unless he received some aid to defray the expense of building an infrastructure for the project, the government snubbed him Bureaucratic snags caused Ludwig more annoyance, authorities never legalized his title to more than half the land he had bought Finally, 84 years old and in failing health, Ludwig abandoned his dream in disgust More than a score of Brazilian companies, acting at the behest of the government, agreed in January to raise \$280 million over the next three years to buy out Jari

Ludwigs ill-fated adventure reinforced two lessons of the past that man's efforts to tame the Amazon can prove



\$1 billion in his mammoth creation per- | Francisco de Orellana, the river's discoverer



At its estuary the river disgorges 6 million cu ft per sec

counterproductive and that he should adapt to the jungle not alter it. The only people who really understand the Amazon are the Indians says James Fish the US consular agent in Manaus 'Entrepreneurs from outside come in here thinking all you have to do is send in a few bulldozers and magic will happen. Somehow they are surprised when, at the hotel they get word back from the jungle that their bulldozers have disappeared -- not stolen but just disappeared

A healthier respect for the Amazon's arduous nature has subdued the once headlong pace of Brazil's development program A pioneering spirit still prevails in fertile oases like Rondônia and Acie but many Brazilians now realize that respecting the jungle's fragile environment is the only way to make investments pav off "The most important clue in how to

deal with Amazonia leaps out at you from all those failed projects noble in concept yet ridiculous in execution," muses the Brazilian novelist Marcio Souza (The Emperor of the Amazon) "To gain profit from the Amazon, you have got to think of a time scale of at least 100 years

fter the rubber bust, the Ford failure the I udwig debacle and the farming setbacks of the 1970s Brazil is now concentrating on two kinds of Amazon development mineral resources and selective forestry. The government will seek more than \$60 billion to be invested in opening up a lode of minerals in the Carajas hills 340 miles southwest of Belem. The forested range contains an estimated 18 billion tons of iron ore as well as other key minerals

Despite the Amazon's delicate ecological balance most scientists agree that the region should be developed--but rationally, and on a more modest scale than in the past. We cannot make the Amazon a living museum says Richard

Schultes a botanist at Harvaid University 'It has to be developed because man must live too Nonethcless. Schultes and other Amazon experts believe that too much emphasis has been placed on huge schemes that carry unacceptable environmental and economic risks

Developing the Amazon's rich resources is not incompatible with conservation efforts Man however must tune his farming methods to the life cycle of the rain forest There is no hope at all for modern mechanized agriculture in a place like the Amazon ' contends Schultes He advocates cultivation of plants that do not require the removal of the tree cover which protects the soil. He believes that peach palm and brazil nuts could be grown as

well as cash crops like cocoal coffee and cassava which already thrive in the region

A greater awareness of the Amazon's complex role in the world ecology has encouraged governments to heed warnings by scientists about the fragility of the gigantic basin. Scientists are sounding more optimistic that the rain forest will survive and continue to sustain abundant and diverse wildlife. During the 1960s and 1970s things looked bad for the Amazon, says Lovejoy but now attitudes have Indeed after centuries of changed greed and rapacity a consensus is growing among Brazilians and foreigners that no El Dorado however promising is worth the risk of jeopardizing a precious part of the world so vital to life -By William Drozdiak

Reported by Naushad S. Mehta/New York and Gavin Scott/Manaus

Economy & Business

Bulls Are Stampeding Again

Hopes for lower interest rates send the stock market on another rampage

ven after a red-hot record-setting summer on Wall Street, last week's performance on the New York Stock Exchange was still stunning Following the 125-point increase from 777 during the last half of August the Dow Jones index of 30 leading industrial stocks had hovered at the low 900s But then came rumors last week that the Federal Reserve Board had voted to ease up on its tight-money policy. True or not, the stories were enough to send the market into a new runaway rally. The Dow exploded for a 79 11-point weekly gain, closing at 986 85, the highest level in 15 months.

Trading volume was staggering Some 488 million shares changed hands, the second highest level in history. On Thursday trading reached 1471 million shares, surpassing the daily record of 1373 million shares set only seven weeks ago.

The latest market rally started on Wednesday, when the Dow index rose 37 points, the second highest daily gain ever On Thursday morning, the most casual ticker-watcher knew that something extraordinary was happening when volume on the Big Board exceeded 43 million shares in the first hour That would normally be considered moderately heavy business for an entire day By 1 pm, three hours after trading began, volume had reached 96 million shares, straining even the exchanges new computerized tape system

At the 4 pm close of business, exhausted traders went wild. They blew whistles tossed sheets of paper into the air, slapped each other on the back and behaved like teen-agers cheering for their high school football team. The industrial index was up almost 21 points for the day Friday's volume was nearly as heavy, 123 million shares, and the Dow Jones index rose an additional 20.88 points.

It was a broad-based rally led by the blue chips the biggest gainers were large established corporations American Telephone & Telegraph, the most widely held stock in America gained nearly 4 points during the week Other major winners were IBM Eastman Kodak and General Electric General Motors saw its stock rise 3½ points to 50¾, a yearly high Bank stocks also increased, including those of Chase Manhattan Citicorp, Bankers Trust and JP Morgan Even Johnson & Johnson managed to get some relief from its Tylenol headache. At week's end it closed at 42% and had recovered about a third of what it had lost after the scare began



The final bell tolls at the New York Stock Exchange, ending the second busiest week in history

Even the new computerized tape system could not keep up with the buying panic

The surge was led by institutional investors, as banks, pension funds and insurance companies gobbled up 10,000-share blocks of stock last week at a breathless pace. There were also signs that smaller investors were jumping back into stocks after forsaking them for years in favor of high-yielding money-market funds and other interest-bearing instruments. Said Kenneth Rolland an executive vice president of New York's Chemical Bank "A lot of individuals have joined us in the second leg of a bull market that started in mid-August."

Part of last week's rally was caused by

investors looking for places to put about \$31 billion from All Savers Certificates that are maturing this month Since those one-year experimental savings instruments may no longer be available after this year people want a new place to park their funds Some of the money is finding its way into blue-chip stocks Worried foreign investors also poured cash into US markets out of concern about political and economic stability abroad

The strongest impetus behind last week's rally, though, was a growing feeling among investors that the Fed has fundamentally shifted its tactics in attempting to bring down interest rates. It is doing this by easing up on the money supply and lowering the discount rate that it charges banks to borrow. Last week the Federal Reserve lowered that rate to 9.5%, down from a peak of 14% a year ago.

The most visible sign that rates are declining is the prime, the bench-mark rate banks charge corporate customers. About midweek most major banks dropped that rate from 13½% to 13%. At week's end the Mellon Bank in Pittsburgh lowered it to 12.75%. In late July the prime was generally 16%.

Several banks including Chemical, Bank of America and Citibank went a step further last week and lowered rates to ordinary consumers on auto loans and unsecured credit lines. These traditionally decline more slowly than the prime Chemical Bank lowered its new-car loan rate to 17% from 18½% and home improvement loans to 17½% from 19%

oneymen based their expectation of lower rates on news about last Tuesday's meeting of the Federal Reserve's Open Market Committee, which sets interest policy The Wall Street Journal reported that the group had voted to let the money supply expand more rapidly than the Federal Reserve had originally planned In recent weeks money growth has significantly exceeded the Fed's policy goals. Only a few months ago analysts had expected that the I ederal Reserve would rein in rapid expansion and keep money tight But the Fed's policymakers now seemingly want to allow the money supply to grow faster in order to bring down interest rates and help speed recovery. With rates dropping and an economic upturn in prospect, professional investors saw stocks as the right place to put their money

Does the boom in stock prices and volume mean the beginning of the long-delayed, and long-promised, bull market of the '80s' Or was it an upward surge before a steep decline'

Most stock market analysts are hedging their bets. Not since the mid-1960s has any rally lasted more than a few months What is more, there is little in the way of economic news other than the drop in interest rates that would appear to justify investor confidence now Housing and autos have shown no significant signs of revival. US factories are still running at less than 70% of capacity, retail sales are sluggish, and unemployment in September reached a 42-year high of 10 1% Otto Eckstein. chairman of Data Resources, Inc., and a member of TIME's Board of Lconomists said, 'The economy continues to be mired in recession' and is "moving sideways at best

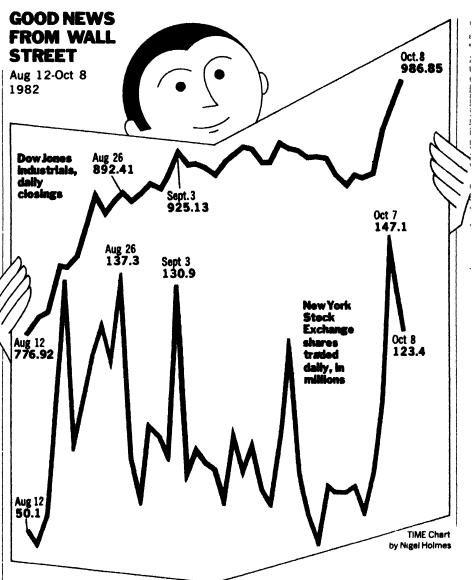
Stocks were not the only good investment last week Bond prices also rose smartly, in one of their sharpest single-day rallies in history prices usually go up when interest rates fall. This led to hopes that corporations might soon be able to turn some of their estimated \$500 billion

in high-interest, short-term debt into longer-term bonds with lower interest rates Such moves would ease pressures on company earnings and free up more money for capital investment

Gold and silver prices often go up as interest rates go down Reason low interest rates make it more attractive to hold precious metals because money-market accounts and other such instruments are offering lower yields. Last week the metals continued to follow that pattern. The

lysts believe that the Federal Reserve has become so concerned about the generally weak economy that it will push through a looser money policy. The Fed which is usually expansive in an election year, "can be expected to reflate even more" says Morgan Stanley & Co's Richard Schmaltz Says Analyst Robert Farrell of Merrill Lynch "For the market at this juncture, bad economic news has become good economic news."

To Stanley Shopkorn of Salomon



price of gold went up \$31 an oz to \$433, while silver rose 68¢ to \$8 98

Despite last week's euphoria, one problem continues to worry many financial analysts the Federal Government's huge borrowing requirements. The US Treasury must raise nearly \$16 billion to \$17 billion in new funds within the next month. That is fai more than the \$1.2 billion in new corporate bonds announced for the next four weeks. Washington's need for credit may put upward pressure on interest rates and be a damper on any recovery.

Nonetheless some Wall Street ana-

Bros, the true riddle of the economy at this point is whether the market is seeing a real business turnaround or merely reacting to the Federal Reserve attempts to create one. Out in America's mines, mills and factories, the mood remains dark Many businessmen have been crushed by two years of economic stagnation foreign competition and a shrinking US industrial base. It will take more than rising stock prices or election-year easing on credit by the Federal Reserve to convince them that the long economic water is finally over - By John S. DeMott. Reported by Frederick Ungeheuer/New York

Economy & Business

The Growing Bankruptcy Brigade

American companies are now failing at the rate of 500 a week

he wild cheering on the floor of the New York Stock Exchange and around the financial district last week did not spread much beyond Wall Street Across the US there is still deepening gloom about the economy, and no single group is more painfully aware of it than the beleaguered owners of American businesses This year their ranks are being trimmed by bankruptev faster than at any

time since the Depression Says Chairman of Eastern Air Lines Frank Borman whose company has several times flirted with failure "I've long said that capitalism without bankruptcy is like Christianity without hell But it's hard to see any good news in this

Companies are going into bankruptcy court and

asking for protection from their creditors at the rate of about 500 every week By the end of September 18,572 companies had already filed for bankruptcy, more than in all of 1981 Wall Street's Dun & Bradstreet predicts that the number of corporate and commercial failures will approach 24,000 by the end

That total does not include a far greater number of firms perhaps as many as 4,000 weekly that simply fold up and quit after paying off their debts. When a plant gate is padlocked or when the neighborhood dry cleaner shuts its doors jobs are lost, investments vanish and dreams turn into dust

Despite the anguish corporate bankrupicy causes individuals many economists agree with Eastern's Borman that it is an inevitable perhaps even healthy aspect of capitalism. Like a forest fire that creates more productive land by burning off dead trees and scrub, the failure of one company often yields markets capital and skilled labor that fuel the growth of another Says Eugene Lerner, professor of

finance at Northwestern University's JL Kellogg Graduate School of Management For a long time thanks to inflation, a lot of fitms found it convenient to borrow a lot more than was prudent If inflation had continued, these same guys would have been millionaires But someone always gets caught when the mer-

ry-go-round stops

The flood of official bankruptcies may be temporarily stemmed this fall by a constitutional conflict between the Supreme Court and Congress In June, the high court ruled that Congress had granted the nation's 220 federal bankruptcy judges unconstitutionally broad powers in 1978 with the passage of the Federal Bankruptcy Reform Act The court gave Congress a deadline of Oct 4 to correct that defect Since Congress could not or would not act in time, the court moved last week to prevent the bankruptcy courts from shutting down altogether by extending the deadline to Dec 24 Meanwhile many lawyers plan to delay filing any new bankruptcy petitions until after the court challenge is

The majority of bankruptcies involve small-scale enterprises, companies such as lumberyards and machine shops or retail stores with sales of less than \$100 000 (see box) These firms operate on the cusp of the business community, and they traditionally suffer from inadequate capital, inexperienced management and pressures from larger, more established competitors High interest rates and slow growth have wiped out the margin for error that these firms might have enjoyed in prosperous times and only a few of the best-managed ones are surviving

This year, however, the failed smaller companies have been joined by such large well-capitalized corporations as Braniff Airways Wickes Cos Saxon Industries and De Lorean Motor Co Says Purdue University Professor William Dunkelberg The recession is performing the age-old process of creating leaner meaner and more efficient firms. Unfortunately, the recession has also cut heavily into the lean and mean. We've lost established companies to low demand and high

I mancial institutions have been especially hard hit by the recession. So far this year as many as 30 banks from the Western National Bank in Santa Ana Calif to the National Security Bank in Tyler Texas have been forced to file for bankruptcy. By far the most spectacular failure was Oklahoma City's Penn Square Bank It had loaned many millions of dollars to risky oil and gas ventures. When falling oil prices threw dozens of those into bankruptcy Penn Square was obliged to follow shortly afterward

Some other familiar names in American business including Pan American World Airways and Air Florida are also

Two Tales of Tough Times

"We desperately wanted to survive

fter 25 long years of selling A wallpaper and paint in other people's stores, Charles Trainito, 41, in November 1978 became his own boss With \$10,000 borrowed from his wife's parents and a \$15,000 bank loar. Trainito opened The Wallpaper Gallery on heavily traveled US

Route I in Saugus, Mass

Though small and unimposing, the store offered a kaleidoscopic collection of paints and wallpapers for the do-it-yourself home decorator Trainito put in 70-hour weeks His wife Maria came in to work two days a week and kept the books Thanks in part to its good location-next door to the huge Emerson Rug store and near Valle's Steak House and the Kowloon, a popular Chinese restaurant-The Wallpaper Gallery did a brisk business Although he was supporting three children, ages eleven to 17, Trainito paid himself only \$420 a week, reinvesting the rest of the revenues in the store

Last fall, Emerson Rug went out of business, and Trainito's

sales suddenly began to slide. In the midst of recession, potential customers decided that redecorating was a postponable luxury By spring, Wallpaper Gallery revenues were off 45% from the same period in 1981 Trying to stay affoat, the Trainitos put up their house as security on a new \$5,000 bank loan Says Maria. "We desperately wanted this business to survive ' As sales continued to sag and debts to suppliers reached

\$63,000, the Trainitos were finally forced to declare bankruptcy and close their store.

The experience was shattering, "I haven't had a full night's sleep in six months," says Charles Trainito He swallowed his disappointment and last week began work as a site inspector for a construction firm. Trainito was lucky to get a job so quickly, but he will miss being his own boss.



The Trainitos at their wallpaper store

potential candidates for bankruptcy International Harvester Co last week informed its shareholders that the company's prospects for survival are "in bestantial doubt". The company, which piled up losses of \$790.4 million during its 1980 and 1981 fiscal years says that it could lose an additional \$1.6 billion in its year ending Oct 31, and that it is rapidly running out of ways to generate more cash or cut costs further

While some failed firms simply disappear or see their assets parceled out to creditors, other companies manage to survive a formal declaration of bankruptcy As a result of changes in the American bankruptcy law four years ago, such firms can now more easily reorganize their operations and try to become profitable again while they make partial payments on their debts. Penn Central Corp. has been able to emerge as a strong manufacturer and real estate operator after shedding the railroad operations that propelled it into bankruptcy court in 1970 Last week Joe B. Freeman Jr. chairman of AM International Inc. the Chicagobased business-equipment firm that filed for bankruptcy protection in April, announced that he now expects the company to turn a small profit during its 1983 fiscal year, after losing \$245 million in fiscal 1981 and running up debts earlier this year that approached half a billion dollars

s long as there remains a market for the product or service that a bankrupt company was providing more efficient competitors can pick up the slack. Workers who manage to locate new jobs may even find themselves better off than before because they are employed by healthier firms. Says Barry Bosworth an economist with the Brookings Institution in Washington. It is not correct that bankruptcies in and of themselves destroy jobs.

COMPANY
NIGHTMARES
Number of
business
failures
Jan -Sept
each year

Source Dun & Bradstreet

TIME Chaft by Renke Name ()

They shift the distribution of them "Bosworth adds that this is often traumatic because employees must learn new skills or move their families to cities where work is available. But that means bankruptcies are as much a social problem as they are an economic one."

No single fact better demonstrates the dynamic effects of such self-correcting forces than the remarkable number of new companies that are now being formed For every business that fails this year 20 new ones will be started During the first six months of this year, 281 458 enterprises were created That rate is only a little below 1981 which was the best year ever for business starts

Why are so many businesses being formed just when so many others are fail ing? Some risk takers see advantages in launching a new enterprise when business is slow because they can develop skills and plan strategy more slowly. They believe that they will then be able to cash in when the economy picks up Many other founders of new businesses, however, come from the tanks of the unemployed Says Ann Eskesen, the director of the Small Business Resource Development Center at Bentley College in Waltham, Mass "What precipitates going into business is often some sort of life crisis. When people are being laid off ironically some of them decide to go into business for themselves

Many people turn to such businesses as retailing or restaurants which are usually less complicated enterprises than manufacturing More and more start-ups are in the growing field of computer-related business services such as programming and word processing. In the Boston area laid-off workers with technical skills are opening businesses in tobotics biomedical research and other specialized areas.

In the nation's economy a new wine-and-quiche dining spot or another personal-computer store can hardly compensate for the economic loss of a failed Braniff which provided jobs for about 10 000 people, or Wickes Companies which operated 277 building and home supply stores in 38 states. Still the sheer volume of new activity is encouraging Says Economist Bosworth 'Although we worry about the high number of bankruptcies destroying incentives for people to take a chance there are still a lot of people willing to go out and gamble that their idea will --- By Alexander L Taylor III Reported by J. Madeleine Nash/Chicago and Bruce van Voorst/New York

"You look at it as a personal failure"

neer, had a dream of becoming the largest minority employer on the West Coast and eventually in the US A graduate of Pacific States University in Los Angeles who worked for many years for Rockwell Interna-

tional and Martin Marietta Corp. Clanton launched the Seattle Electronic Research Corp in 1978 Working under contracts to such major companies as United Nuclear Corp and Martin Marietta, the new firm did research and development on energy-conservation equipment Clanton was particularly proud of one experimental product he designed the Energy Minder was a small electronic meter that could tell homeowners how fast they were running up their electric bills By 1980 Seattle Electronic Research had revenues of \$300,000 and was an the verge of becoming profitable Clanton had created jobs for 28 people, many of whom were blacks or refugees from Southeast Asia

His company's troubles started, Clanton asserts, with the election of Ronald Reagan The new Administration began boosting defense spending and diverting funds away from areas like energy conservation. As a result, many of the compa-

nies that Clanton did work for lost Government funding for energy projects, and his firm did not get several contracts that he had hoped to win "Our projections went out the window he says After slashing the staff to 18 then to four and finally to two, he filed for bankruptcy, and will close his doors for the last time by the end of this month

Clanton admits that poor financial planning was partly to

blame for his firm's demise "When you talk about research and development, it takes a lot of money,' he says "We needed at least \$250,000, but we started out with \$4,500" Clanton has no worries about finding another job, but it will be hard to forget about his dashed dream Savs he "You keep asking yourself, What if I had done this or that?' You look at it as a personal failure "



Clanton at his electronics company

Fast-Film Coup

A colorful marvel from Kodak

ne reason the Eastman Kodak Co of Rochester NY, controls 70% of the US amateur photographic film market is the firm's remarkable ability to create new products that make taking pictures a snap First there was the boxlike Brownie in 1900 Then after World War II came the Brownie Hawkeye (1949) the Instamatic (1963), the pocket Instamatic (1972) and, earlier this year the highly successful Kodak Disc camera Between its introduction in May and year's end the company expects to sell 8 million of the devices making it by far the hottest new camera in history

I ast week the firm unveiled its newest offering to the point-and-shoot crowd a super-high-speed color print film that promises to reduce greatly the need for flash attachments and light meters even in relatively dim settings

In technical terms, Kodak's new film carries an ISO rating of 1 000 which means that it is 2½ times more sensitive to light than any other color print film now on the market (ISO is a new international film-speed measuring standard whose ratings are similar to the previously used American one ASA) The company's most popular color print film Kodacolor II has a rating of 100 Kodak and several rivals including Furope's Agfa-Gevaert Croup, the Japanese Fuji Photo Film Co and Minnesota's 3M Co, produce less popular, and more expensive print films with 400 ratings

Kodak has not yet announced the retail price for its new film, which will go on sale some time in 1983. But most industry experts expect a strong demand for the product even if it costs 25% more than Kodacolot 400, which retails for \$3.50 per 24-shot foll.

Wall Street investors who have been smitten by Kodak stock for the past two years last week bid its price up to a sixyear high of 93% a share on the basis of an expected surge in the company's earnings from the full range of Kodak products Said Brenda Landry a photographic industry analyst for the Morgan Stanley & Co investment banking firm Kodak is one great company. It is the one company that under a single corporate umbrella combines chemistry optics and electronics.

Kodak's strength lies not just in its dominant market position but in its technical and research prowess as well. The firm is currently spending 6% of gross revenues, or nearly \$2 million a day on research and development. That rate is about three times the average for large US firms.

The companys new film represents an important technological breakthrough For years researchers seeking to devise lingh-speed color print films have

Economy & Business

been stymied by the difficulties involved in increasing the light sensitivity of photographic film without producing grainy or fuzzy pictures. Kodak scientists overcame this problem by in effect redesigning the physical structure of the silver halide crystals that form the light-sensitive coating of unexposed film. In their changed shape the crystals now are flatter with more of their surface area being exposed to light on the film itself. This lets less light do more work thereby making the film faster and capable of allowing pictures to be taken in extraordinarily low light situations Says Stanley Morten an industry analyst with the investment firm of Wertheim & Co 'This is not something that could have come out of a basement of a garage. The product re-establishes Kodak's superiority in all types of emulsion film after a decade in which the Japanese and other foreign competitors



Shooting pictures in color by candielight

Breakthrough in high-speed photographs

had started producing some film as good as Kodak's

Kodak officials last week unveiled yet another feat of imaging wizardry a prototype video display unit that allows Disc photos to be electronically displayed on home television screens Sony Corp of Japan is planning to sell an all-electronic camera the Mavica that also displays images on TV screens Kodak's products will probably have the market advantage of lower cost Sony's Mavica is expected to retail for \$650 and a shutterbug will have to spend an additional \$220 for a viewing device On the other hand industry analysts expect that a complete Kodak package of Disc camera plus video dispiay unit would sell for no more than \$300

Thumbs Down

The U A W. to Chrysler No

The grinding US recession has this year forced labor unions to make a long string of concessions to employers on wages and work rules. But last week Chrysler workers were saying they deserved more, not less. With the balloting half over, members of the United Auto Workers were rejecting a new contract with Chrysler Corp by a lopsided 50% margin Although the voting does not formally end until this week union officials privately conceded that the one-year package covering some 50 000 Chrysler employees was dead

The agreement, which negotiators reached on Sept 16 was turned down by rank-and-file members largely because it lacked a guaranteed salary increase Chrysler workers have gone two years without a pay boost of any kind and they now make about \$2.50 an hour less than their counterparts at Ford and General Motors Instead of granting an immediate raise however the rejected pact called for wage hikes tied to future Chrysier profits The settlement would also have restored a cost of living adjustment that would have taken effect in December and added about 50¢ an hour to the average worker's pay by the end of the contract

Analysts also blamed the defeat on the public posturing of Chrysler Chairman Lee Jacocca 57 who has been working vigorously to convince car buyers and investors that the company is again sound At Chrysler's new-car introduction in Houston last month for example Iacocca boasted that the firm had accumulated a \$1 billion hoard of cash and securities Said he. That's the most cash we ve had on hand in the history of the company' Said David Healy of Diexel Burnham I ambert The popular opinion is that lacocca's blabbing about the billion dollars did them in The workers are saying that some of that money belongs to them

The defeat is also a tebuke to U A W President Douglas Fraser who led the team of union bargainers that negotiated the contract Fraser 65 who will retire next May as head of the union had not been optimistic about ratification because he was aware of the frustration and bitteiness felt by many workers Said he 'I'm disappointed by the outcome but not shocked

One point both sides agreed on is that a strike at Chrysler is unlikely since it would be suicidal for both the company and the workers Although the automaker earned \$1069 million in the second quarter, it remains an ailing company that has not had a profitable year since 1977 Union leaders and company officials are probably headed back to the bargaining table, perhaps as early as next week



Martin: going on for Over Easy

Just nine days after the cab she was riding in was hit broadside by a van Mary Martin, 68 with a plucky smile and the help of a walker left San Francisco General Hospital Though her longtime friend Actress Janet Gaynor remains in stable condition from the accident. Martin was adamant that the show go on in this case Over East the PBS-IV program for older Americans that she co-hosts with Jim Hartz. With her two broken ribs and fractured pelvis on a slow mend she taped her first postaccident show (which began airing last week) I have to walk two blocks a



Suzuki bringing order to his collection of fiddling tots and teens at Chicago festival

People

day 'says Martin "Right now though, I just can't lift my darned foot I go up and down stairs backward

Virtually waist deep in a field of 1,100 child violinists, cellists and pianists who were all taught by his learning-through-imitation method Shinichi Suzuki waved his bow I housands of fingers tensed and the second annual Chicagoland Suzuki Music Festival began on a note by Veracini (his Sonata in E Minor) Though hundreds of thousands of students have been taught

by the Suzuki method since he introduced it more than three decades ago (including Rosalynn and Amy Carter, who took joint lessons in the White House) the 83-year-old master modestly professes to not playing as well as he might "But I hope he says "to be an accomplished violinist by the time I m 120"

It may have been fortunate that former Astronaut Jack Swigert, 51, has once before survived the icy chill of near tragedy. On his 1970 Apollo 13 journey to the moon, an oxygen tank exploded, prompting a harrowing 3½-day journey back to earth. Now Swigert is undertaking another tense battle. He has learned he has bonemarrow cancer. The Republican candidate in next month's election for a newly created congressional district in suburban. Denver. Swigert decided that he would keep on with the race and that he would not keep quiet about the disease. Says he

We have 3 million people in this country walking around with controllable cancer. I'm just an average American who got cancer.

-By E Graydon Carter



Blue Koe . .

Seldom is there a quiet moment in the clan of Windsor, whose comings and goings never cease to delight the subjects of their tiny sceptered isle But last week's escapade was a doozy by any royal standard Within days after Prince Andrew's celebrated return from his tour of duty in the Falklands aboard the carrier Invincible, he plans a well-deserved rest Ah, but not alone. Andrew, 22, and a winsome lass named Koo Stark, 25, head off for the Caribbean island of Mustique and the house once used as a trysting hideaway by Princess Margaret and her old flame Roddy Llewellyn. Hoping to get away unnoticed, the couple travel under the names Mr and Mrs. A Cambridge But

the press tumbles, and it turns out that the young lady, who is said to have dined with the prince and his mother Queen Elizabeth II, is an Americanborn, onetime soft-porn ingenue who had starred in a racy 1977 British quickie called Emily Within hours, Fleet Street has culled naughty photos of Stark naked and splashed them across its front pages The Queen by this time has to be in an absolute tizzy From Australia, she reportedly orders Andrew to cut short his vacation and bans both unmarried sons from entertaining "overnight guests" in the palace The whole affair is so toothsome that Britishers scarcely have time to keep up with their real TV soaps



. . . and Randy Andy

O That Anthropomorphical Rag

CATS Music by Andrew Lloyd Webber Based on Old Possum's Book of Practical Cats by TS Eliot

The ecology of Broadway demands mega-hits the kind of supercharged shows that most ordinary playgoers have to wait months to see. Cars qualifies. To a great extent this musical is a phenomenon a process not substantially different from unveiling a new car model or marketing a more dazzling toothpaste.

The tom-toms of publicity began thrumming from the moment Cats registered as a smash hit in May 1981 in London where it is still selling out. By last week's opening night in New York, anticipatory salivation had generated a cash flow of \$6 million, an advance sale never before recorded in Broadway history.

In one sense Cats needs every penny of that which includes the sums for the oming from 330 theater parties that have signed up for special blocks of seats. The show cost a princely \$4 million or so to mount. It cost \$2.5 million to strip-mine the interior and stage of the Winter Garden Theater and construct a cats. Valhalla of a nocturnal dump Cost of restoration when Cats eventually vacates an additional \$1.5 million.

I hat magic mountain of money is not conjured up by rubbing Aladdin's lamp. It comes from a gambling alliance that bases its calculations on a measure of snob appeal and tested blue-chip talents. After all, no other musical can boast a TS. Lliot as its lyricist, so to speak. Even if Eliot

was playfully doodling for his godchildren and friends in his 1939 Old Possum's Book of Practical Cats he remains a god in the pantheon of 20th century poets Cats Director Trevor Nunn and Designer-Costumer John Napier, of the Royal Shakespeare Company took Broadway's breath away last season with their monumental Nicholas Nichleby. And at age 34 Composer Andrew Hoyd Webber has achieved the unprecedented feat of having three musicals playing simultaneously in London (Lvita Cats and Song & Dance) and New York (Lvita Cats and Joseph and the Amazing Technicolor Dreamcoat)

In a way show-biz royalty was saluting show-biz toyalty on opening night as a cavalcade of limos rolled up to the marquee of the Winter Garden disgorging the likes of Bianca Jagger Mikhail Baryshnikov Barbara Walters, Mary Tyler Moore Placido Domingo and Joanne Woodward Among them was the graciously articulate poet's widow Valerie Eliot the artistic patroness of the production. After the performance the whole glittering assemblage adjourned to the Waldorf-Astoria for a celebratory supper. Buoyed on the crest of the show's commercial prospects, the festivities were not dampened by a wave of initial reviews that were more mixed than the drinks Scarcely a headline writer in New York it seems could resist pointing out that Cats was less than purr-feet

Cats is a musical that sweeps you off your feet but not into its arms. It is a triumph of motion over emotion, of EQ (energy quotient) over IQ. One could say at the end of the evening what someone says during the show. We had the experience but missed the meaning. In Cats, the spectacle is the substance.

t is a spectacle on a grand and staggering scale. Napier's set is a kind of automobile graveyard, but it contains far more than discarded tires battered wheels and disemboweled body parts. He has constructed a collage of the detritus of contemporary civilization smeared paper plates, unstrung tennis racquets old Red Scal Victor records. Drambuie bottles and boxes of Tender Vittles. Every object is outsize as a cat might sec it.

Here the Jellicle cats a flighty exuberant lot full of larky midnight madness have assembled for their annual ball Choreographer Gillian Lynne has superbly schooled her topflight troupe in clawing stretching rubbing and comic feline posturing yet no single dancer convincingly turns into a cat. Lynne is a fluent choreographer but uninventive She relies on three main modes -- jazz ballet and acrobatics which in reiteration become anticlimactic. When a huge boot clunks down in the middle of the chorus in the first big dance number the touch is deliciously clever but later seems like a prophetic critique

The Jellicles are assembled for a clan ritual Annually the revered elder, Old a

Page as Old Deuteronomy with his moon-mad clan: Buckley as Grizabella, the Glamour Cat, top; Hanan as Gus, the Theater Cat



Deuteronomy, played like a benien hibji-cal patriaten by Ken Page chooses a deserving Jellicle to ascend 'up up up past

e Russell Hotel up up up to the Heavile Layer,' and be born again While this serves as a passing and somewhat pretentious reminder of Eliot's New England transcendentalism it does not provide the binding plot line that Nunn obviously hoped it would As it is the various Eliot cats come on doing star turns as if they

were gifted gypsies eager to escape the anonymity of the chorus

Lloyd Webber's task was to find a musical vocabulary that parallels Lliot's individual profiles of the cats. Here. Lloyd Webber's bent for the derivative is something of a help. He moves easily from rock to swing to ballad to fullthroated hymnal invocation. That he overpowers as much as he underscores may be due to the Winter Garden's rabid amplification

Eliot had his own jazzy barroom tempos. All is not gloom in The Waste I and where the line O OOO that Shakespeherian Rag occurs. As the droll parade of people-cats pads by in Cats it forms an Num, Eliot, Lynne and Lloyd Webber celebrating at the Waldorf V Mann makes Rum Tum Tugger

a prototype for an arrogant rock star. As Skimbleshanks Reed Jones is endearingly batty about trains. An impromptu choochoo is assembled on the spot out of large wheels a lampshade and a teapot which delights him and the audience equally

An even more endearing character is Cius the Theater Cat Stephen Hanan makes him a dipsy old charmer who deplores the lack of discipline in modern

Now these kittens they do not get trained As we did in the days when Victoria reigned

They never get drilled in a regular troupe

And they think they are smart just to jump through a hoof Well the theater veertainly not what it was



anthropomorphical rag Terrence Tested blue-chip talents and a measure of snob appeal

In another poem Growlinger's Last Stand Gus (Hanan again) gets to play one of his earlier roles. The entire poop deck of a pirate ship unhinges from the stage ceiling with sampans sailing behind it on a make-believe sea While Crowltiger dallies with his lady love the saucy Griddlebone (Bonnie Simmons), in a hilarious parody of Italian opera a company of Stamese cats in full Asiatic regalia board his craft and force him to walk the plank

Macavity, so memorable in Eliots verse is a disappointment not because of Kenneth Ard, who plays him but because a character who is sought here, there and every where is bound to be nearly invisible onstage It is left for Wendy Edmead and Donna King to describe the Napoleon of crime in a sultry dialogue. This points up a problem that plagues the show. The poems are written in the third person so that the dance action more or less mimes the lines

ROBIN PLAITER - IMAGES that are being recited As a twin to Ariel who can spin on a dime and cover the stage like a cougar. Timothy Scott's Mr Mistoffolees is the least troubled by this problem

> hroughout the evening a Throughout the haggard ragged figure called Grizabella, the Glamour Cat (Betty Buckley) wanders across the stage. The body-stockinged beauties shun and mock her She is a fallen feline who has roamed the lowest alleys. With pungent pathos, Buckley belts out her elegiac ballad of tristesse Memory, which acts as the theme music of Cats and is already a hit recording in Barbia Streisand's unfalteringly knowledgeable delivery

Naturally Old Deuteronomy picks Grizabella for the ascension. They mount a huge platformed truck tire that rises like a UFO fantasy belching white seraphic smoke from underside jet valves, and are met by a silvery ladder that slithers down from the sky and Grizabella climbs upward for the celestial connection. The scene brings down the house and probably deserves to But that moment of redemption belongs to Grizabella, not the show By T.E Kalem

Mann, left, as Rum Tum Tugger, the prototype of an arrogant, insolent rock star, mesmerizes the rapt kittens of the chorus





Design

Heraldry for the Industrial Age

Corporate logos strive to be daring, modern and original

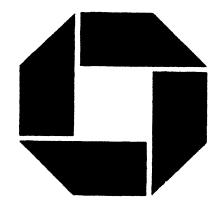
which as medieval knights brandished their heraldic emblems, an increasing number of businesses are brandishing new trademarks. I like the old coats of arms the new logos are designed to impress friend and foe inspire vassals with loyalty and pride and bolster the sense of power. America's best designers are brought to bear on this imagemaking which generally covers corporate signs, advertising, printed matter and buildings.

Some of the increase in corporate heialdry is due to a trend toward corporate reorganizations, mergers and name changes. An example is the Sun Co, once known as the Sun Oil Co, a nearly century-old publicity-shy Philadelphia family business. In the 1970s, the company decided to diversify and its image became havy. In 1979, management asked the design firm Anspach Grossman Portugal (A G P) to analyze the problem and give the new company a logo that would exude unity and strength.

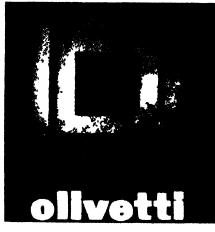
The designers came up with a sunburst shining through the word SUN, the symbol that for almost a year has been appearing on oil drills and storage tanks, trucks and hard hats, check forms and stationery, as well as magazine and television advertising Employees are beginning to display the sunburst on T shirts and tote bags and SUN workers at a subsidiary in Dallas have sewed the logo on a flag that flies from their building

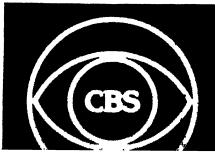
A G P which calls itself 'a marketing communications and design consulting firm' has done similar image-lifting jobs for among others. Citibank 'Citicorp Mitsubishi Bank, J Walter Thompson and AMI leisure products The firm's redesign of Texaco's graphics is not so much concerned with enhancing the company's image as attracting customers to shiny new stations where a range of goods and services is on sale. Texaco's familiar

star is given new prominence by being displayed in white on a red circle against a black background. The company's black, white and red service stations have a clean no-nonsense, Mies van der Rohe look. The only adornments are deadpan signs reminding customers to turn off their engines, check the oil and, with gas sales dropping because of fuel-efficient.



Mobil





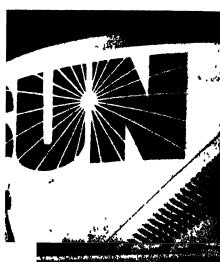
engines, urging them to get a car wash snacks or cigarettes. To date, 94 new Texaco stations have been built and more than 200 will be rehabilitated with the new design. All have met or exceeded sales expectations even though, as A G P Designer Eugene J Grossman puts it, Some folks think a friendly gas station ought to be a little messy."

The idea of a uniform corporate look originated in Germany before World War I Its pioneer was AEG, the nationwide electric company which began as a manufacturer of light bulbs, soon made electric appliances and, by 1928 controlled mines railroads rolling mills and altiplane plants. Peter Behrens a painter graphic artist and architect who also gained a reputation as a designer of type faces and industrial products created AEG's distinct although by now somewhat antiquated rendition of its initials.

Behrens idea of wedding artistic form to machine production strongly influ enced the Bauhaus school of design which his former assistant Walter Gropius founded in 1919 at Weimar. In graphics as in industrial design and architecture the Bauhaus stripped away historic associations and ornaments in a search for essences I etter forms no longer followed the paths of the scribe's pen or engraver's burin but were constructed with ruler and compasses. The new type faces posters and symbols were not always easily legible But they were blunt and provocative the ideal style for mass communication, advertising and propaganda

Laszlo Moholy-Nagy and Herbert Bayer, who both taught at the Bauhaus brought the new graphic style to US advertising studios Says Bayer, 82 who was consultant and director of design for the Container Corp of America from 1946 to 1965. I told my friend Walter P Paepcke then Container's president, that





AND 34

a modern corporation should project a socially and culturally responsible personality. It should be a tastemaker and thought provoker. It should contribute to civilization. The result was Container's famous 20-year advertising campaign featuring "Great Ideas of Western Man," with illustrations by such notable artists as Ben Shahn Ernest Trova and James Gill

The standard of excellence in corporate appearance was set by Camillo Olivetti and his son Adriano. The Olivettis started manufacturing typewriters and other office machines in 1908 at Ivrea. It aly From the outset, their company was dedicated to outstanding design. Olivetti also excelled in providing such employee services as nurseries day camps and housing assistance. Said Riccardo Musatti, Olivetti 5 director of advertising until his death in 1965. "The corporate image—should not be a distorting mirror or a come-on symbol but the total expression of a complex reality."

In 1955 the Olivetti style impressed Thomas Watson Jr then president of IBM This gave Eliot Noyes design consultant for IBM products and buildings since 1946 his chance. Olivetti suddenly became a first-rate example to point to, Noyes said, a company in which a consistent design program was obviously an integral part of its management policies. With Watson's full support. Noyes and Paul. Rand developed the IBM style (Noyes and Rand also created the distinctive Westinghouse logo.)

Noves who died in 1977, also developed a logo for Mobil with Chermayeff & Geismar Associates This firm also created the fetching letterless four-color ocstagonal trademark for the C hase Manhattan Bank probably the first completely abstract logo whose design says Chase is supposed to convey a sense of dignity and the dynamic purpose of the bank The versatile and famous CBS eye was developed by Bill Golden art director at CBS for 19 years Currently the leading imagemakers are Lippincott & Margulies, who created the Xerox logo and claim authorship of more than 2,200 others including Uniroyal RCA and ChemBank

The approaches of these designers vary as much as the ambitions and the nature of the companies they serve Some designers go in for elaborate market studies and psychological testing Says Walter Margulies "Research is mandatory' On the other hand Rand says 'Surveys and research are a waste of time When I designed the IBM logo, I just did it"

Whatever approach designers take, graphic business communication cannot afford to retreat into elitism as some arthitecture does. To be effective, it must be widely appealing and yet daringly modern and original. Surprisingly, it often succeeds. Big Business graphics probably is the only art form in our time that is both uncompromisingly modern and genuinely popular. Signs like Sun's sunburst are like a pretty smile on a noisy crowded street.

By Wolf Von Eckardt.

Milestones

DIED. Roddey E. Mims, 46. White House and Capitol Hill photographer for UPI and TIMI whose folksy manner and sensitive camera work won him the fondness and respect of leaders from Lyndon Johnson and Hubert Humphrey to Ronald Reagan and Howard Baker of a stroke, in Allington Va Said Reagan "He's been a part of history for so many years it just won to be the same without him"

DIED. Glenn Gould, 50, eccentric commanding piano virtuoso celebrated for his interpretations of Bach and one of the first classical performers to concentrate on the LP recording as an art form of a stroke in Toionto A Canadian-boin Wunderkind who was playing the piano at 3 and composing at 5. Gould won critical acclaim as a young man for performances that pulsed with rhythmic dynamism and exuberance while retaining clarity and subtlety. He was almost as famous for such oddball habits as wearing gloves scarf and overcoat in summer Gould ended his concert career in 1964 concentrating after that on recordings He defended his idiosyncratic approach by saving Music is a malleable art, acquiescent and philosophically flexible '

DIED Fernando Lamas, 67, charmingly stylish Argentine-born actor whose roles were largely limited to playing the Latin lover and villain in two dozen American films of cancer in I os Angeles

DIED. Walter Terry, 69 author, lecturer and critic first with the Boston *Herald* and later with the New York *Herald Tribune* and *Saturday Review* who championed ballet and modern dance for almost half a century, of a heart attack in New York City

DIED. William Bernbach, 71, innovative Madison Avenue mogul who inspired the 60s and 70s trend to soft-sell advertising of leukemia, in New York City Bernbach preached that 'honesty sells. Wit and incisiveness helped too with such campaign tag lines coined under his tutelage as 'Think Small' (Volkswagen Beetles) and 'We try harder because we're only No 2' (Avis Rent A Car). His touch helped make Doyle Dane Bernbach, which he co-founded in 1949 the tenth largest ad agency, with \$1.2 billion in billings.

DIED. Leroy R. Grumman, 87, self-assured, no-frills mechanical engineer and aeronautical designer who turned his Long Island-based aircraft-repair shop, started in 1929 with \$32,000, into one of the country's largest defense contractors (1981 sales \$1.95 billion) in Manhasset, N. Y. During World Wai II Griumman Hellicats, Wildcats and Avengers chalked up 60% of the enemy kills on the Pacific front Griumman's company was working on the lunar excursion module when in 1966, diabetic and almost blind the avid ex-pilot retired as board chairman



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Law

Back to Business—and Lots of It

The Supreme Court returns to a docket that is both hot and heavy

s usual on the first Monday of October the Chief Justice his white leonine mane flowing behind him took the center chair on the bench and announced the court's opening case (Colorado vs New Mexico a water-rights dispute) To the Chief Justice's right was the senior Justice William Brennan, 76 back from his Nantucket summer home, his lively eyes on full alert behind his spectacles The court's junior member Sandra Day O'Connor, fresh from an African safari vacation, looked stern as a schoolmarm as the first hopeful lawyer began to argue his case. The 1982-83 term of the U.S. Supreme Court was under way and for all the normality of its start, the year promises a work load that will leave the Justices physically

Even prior to reconvening, the court had booked its schedule of oral arguments into February. It carried 126 cases over from last term. The Justices usually try to hear about 150 cases each year. Obviously, most of the expected thousands of new cases will have to be turned away. Coming back to overflowing IN baskets is nothing new for the court nor are complaints about it. But with the number of cases filed having doubled over the past 20 years to 4.400 last term calls for some sort of relief are again getting shrill, even desperate. And they are led by the Justices.

This summer six of them took to various rostrums to bemoan their plight as ultimate arbiters in an overly litigious society Justice John Paul Stevens objected to the most familiar palliative a sort of ju-



The President with the Justices in the White House Blue Room for an official portrait

and mentally spent come the usual Fourth of July adjournment

The docket now facing the Justices is not only the heaviest ever but one of the hottest in recent years. Among the more emotional issues is abortion and whether states or localities may restrict it by requiring, for example, parental consent for minors. The Justices will also rule on the constitutionality of a Minnesota statute that allows parents a tax deduction for their children's private-school tuition Then there is the so-called Betamax case Are US copyright laws violated when video-tape-machine owners record TV shows at home? A critical case tests the legality of the legislative veto, a device in some 200 laws that allows Congress to disapprove regulations issued by federal agencies And in cases to be argued this week the Justices may have to secondguess the Reagan Administration's decision last January no longer to support the IRS policy of denying tax exemptions to private schools and colleges that discriminate against nonwhites

nior varsity Supreme Court to decide those cases that do not quite make the cut Said Stevens "Like a new four-lane highway that temporarily relieves traffic congestion, a new national court would also attract greater and greater traffic volumes.' Stevens suggested instead shaping such a body into a traffic policeman, with responsibility for selecting the cases the Supreme Court should decide

To Justice Byron White that idea did 'not address the fundamental problem Justice Brennan was equally critical contending that 'the screening function is second to none in importance" White with a tentative second from Brennan, proposed creating several national appeals courts that would specialize in areas such as labor and Social Security, so that the high bench would not have to resolve so many conflicting rulings from lower courts The participation of Brennan in this chorus of discontent gave the plaint new credence. In the past he had always pooh-poohed the notion that the court was over burdened

The Justices' inability to agree on a solution however may reflect part of the problem Washington Lawyer John Kester a former Supreme Court clerk faults the Justices for their increasing tendency to write separate concurrences and dissents that dwell on relatively slight differences in reasoning Last term's prose filled 4 530 pages he says 60% more than in 1960 despite a small rise in the number of cases decided University of Virginia Law Professor Stephen Saltzburg another ex-clerk argues that the Justices agree to resolve too many cases of only narrow importance Last term he notes they churned out three opinions (a 4-to-4-to-1 split) and some 40 pages on who owns treasure aboard a sunken Spanish galleon. The court would be much more effective, says Saltzburg if its took fewer cases and took more time drawing opinions

The court's failings do not cause most of the glut of course. More lawyers bring more cases under more laws that legislatures write with less and less clarity. But too often this divided court does not provide clarity either, and the issues it does not settle keep on returning. Last year at this time they resolved to agree on some changes. But reports Justice Stevens, we were too busy to decide whether there was anything we could do about the problem of being too busy.

—By Bennett H Beach Reported by David S. Jackson/Washington

Future Funding

A new way to treat tragedy

wice, a worried Charles Younger 38, asked the staff in the Stanford University Hospital delivery from about his newborn's inactivity. He got only brisk reassurances. Finally, after 40 minutes Younger pleaded "How can I tell if my baby is alive." Anna was alive, barely. She was suffering from oxygen deprivation, and the child today is a quadriplegic. But at least Anna will have few financial worries. The reason an increasingly popular new way to settle malpractice lawsuits.

Last week Anna's parents received the first payment of an annual allowance that starts at \$81,990 and will climb to \$5.5 million if she lives to be 78, as her doctors say she could Soon she and her parents will also collect \$1 2 million, of which \$650,000 will go to their lawyer The \$122 million package, agreed to by both sides, is known as a structured settlement, and it offers something for everyone The plaintiff escapes the risk of mismanaging a lump-sum payment and owes no taxes on the annuities The defendant, or his insurer, ends up paying relatively modest amounts if, as often happens, the plaintiff dies early And such settlements sound so generous Actually, Anna's potential \$122 million is equivalent to a properly managed trust fund of just \$8 1 million

Education

Little Room to Negotiate

In hard times, teacher unions and school boards settle for less

The lessons were stern and clear for the San Jose Unified School District, one of the largest in Northern California With 32,000 students, San Jose entered the fall term with a \$5 million budget deficit and without the seivices of 154 teachers who had been laid off during the summer Ten elementary schools had been shut down to save money, creating shorter classes and crowded class 100ms With the depletion of the state surplus that since 1978 had buffered the effects of Proposition 13 San Jose had to renege on a promise made in January to offer a 6% pay increase to teachers The teachers in turn filed a formal grievance with the school board But they are still in the classrooms 'At least they didn't strike says Norbeit Strecker president of the school board. If this had happened a year ago. they would have Adds Deputy

They know we're broke The kind of money we need you don't get from bake sales

I hroughout the country teacher unions are fighting just to keep what they still have in the face of declining enrollments, diminishing tax bases and federal education cutbacks. For their part school districts everywhere are trying to wring concessions out of teacher unions in the form of pay freezes, benefit reductions and even salary cuts. But with both sides hurting economically, there is little ground for negotiation. In Cleveland, 4000 teachers who struck for eleven weeks at the start of the 1979-80 school year are now at work without a new contract and have made no strike threats The Chicago Teachers Union ratified a contract last month that includes salary 'reezes and the loss of one day's pay Says the union spokesman Chuck Burdeen Our membership is well-educated, they understand the climate of the times

Always a last resort strikes have become an increasingly unattractive option for teachers. There were a record 242 strikes in the 1979-80 school year. The following year there were 191, so far this fall there have been about 65. Only some 20 strikes are still in progress today and few seem likely to continue for long. A 19-day strike ended in Teaneck, N J, last week after State Superior Court Judge Sherwin Lester leaned on both sides. He ordered teachers back to work and, when they refused, began commandeering school



they would have Adds Deputy In a trailer used as a jail annex, Teaneck teachers look for an out Superintendent Aaron Seandel With rare exceptions salars or benefit reductions not raises

buildings for use as makeshift jails to confine groups of teachers during the day When an intransigent board of education failed to produce a quorum for a crucial bargaining session the judge pressured board members to negotiate with the union. The final three-year settlement for the teachers represents yearly pay increases of from 7.5% to 9.7%.

By today's standards, the modest Teaneck settlement is a windfall. In Detroit teachers protested a school-board demand for an 8% reduction in their salaries but started classes as bargaining continued. They went on strike when the board agreed to drop the salary rollback,

but only in exchange for other financial concessions When their medical benefits came close to expiration last week, the 9 000 teachers reluctantly voted to end the 22-day walkout and consented to a tentative accord, which is expected to be ratified by early this week It maintains teachers' salaries at last year's levels, but sends 15 unresolved issues to binding arbitration. One of the remaining issues is medical benefits Says High School Teacher Bob Grant 'My big objection is that even health benefits are on the table When you've got a family, those things are important' Sighs Teacher Mary Johnson "I'm

glad to be back at work at last year's schedule but I do consider that a major concession, not a victory"

In reality school boards and teacher unions across the country face new priori-

ties that are disagreeable to both St Louis, saddled with a desegregation program that costs \$17 million a year and a loss of \$12 million in federal funds it had counted on, has eliminated elementary art and music courses and reduced school security Boston as a result of a tax-cutting initiative called Proposition 2½, has laid off 1,100 white tenured teachers in order to obey a 1981 court order requiring that 20% of the teaching population be black, no matter what the staff level Says Kathleen Kelley president of the Boston Teachers Union "What we have is people with up to 16 years of seniority, who happen to be white, losing their jobs" The BIU appealed the court order, but last week the Supreme Court refused to hear the case, in effect leaving the layoff scheme in place

Many cost-conscious compromises cut deeply into educational quality. In San Jose the school board decided to reassign grades six through eight to a junior high

school unit. One result is that Ld Hodges, who taught math and science to 92 seventh- and eighth-graders last year, now teaches 290 students. Says he We see more children and we have more classes per day. Teachers are washed out by the end of the week. In California, severe budget cutting has also lopped off class time in the course of their public school career students will spend an average of a year and a half less in class than the typical US student.

Some communities are committing themselves to basic coping. Cambridge, Mass, avoided a court battle like Boston's by putting together a coalition of school-

committee members, teachers and 'interveners' (paients and members of minority groups) The coalition devised a complicated channeling system to accommodate both race and semority in layoff decisions. In Michigan where the unemployment rate ranks highest, voters have taken strong steps to arrest further school-budget cutting A statewide "critical list identifies 33 districts that lack enough money to finish out the school year Citizens in 30 of them have already approved various tax proposals aimed at bolstering budgets and keeping schools open --- By Ellie McGrath. Reported by Linda Di Pietro/Detrolt and Karen Horton/San Jose





Engineers bone up on new technology at Hewlett-Packard's Waltham, Mass., plant

Computers

Are Whizzes Washed Up at 35?

To compete, says an MIT study, they need to keep retraining

Professional football players expect it ten or twelve years after college, their reflexes go they slow down, younger players overtake them But at the Massachusetts Institute of Technology recently, some 800 representatives from government, industry and academe were told that the same fate befalls of all people engineers Particularly in the fast-moving fields of computer science and electrical engineering, former whizzes who are now middle-aged were described as fighting a losing battle to keep from falling behind intellectually All too often, MIT Electrical Engineering Professor Louis Smullin told the Oct 2 symposium engineers "are washed up by the time they are 35 or 40, and new ones are recruited from the universities Said C Gordon Bell vice president at Digital Equipment Corp "The young engineers coming in are sharper than older engineers. Sometimes they blow the older engineers away

Each year some 10,000 or 5% of the nation's electrical engineers transfer out of their field many because they feel useless or technologically obsolescent. Yet by 1985 the U.S. is expected to suffer from a shortage of more than 100 000 engineers This gap cannot be closed by increasing the output of engineering schools which are at their production limit As Ray Stata, president of Analog Devices told the MIT symposium "Our only viable strategy for coping is for industry to increase the productivity, retention and competence of those engineers already engaged in the profession

To this end, the symposium considered a yearlong study by a four-man MIT committee chaired by MIT Professor of Engineering Robert M. Fano The committee's conclusion The problems we are facing cannot be solved simply by incrementally improving and expanding current educational programs. A quantum jump is needed, amounting to a revolution in engineering education 'The committee proposed a new alliance between industry and academe under which on company time and at company expense engineers would continue their graduate-level education in at least one 15-week course per year Universities should adopt residency requirements flexible enough so that graduate-level courses could be taught at the workplace. It recommended that as much as 10% of engineers working time be devoted to continuing education

At present, joint education projects are sponsored by only a few computer and high-technology firms, including A Γ& Γ, Bell Telephone Labs, General Electric RCA and Wang and even fewer universities, notably Stanford The computer and electronics firm Hewlett-Packard in Palo Alto Calif, encourages its engineers to take six course hours a week on the firm's time Says President John Young Sure we lose six hours a week, but in exchange our engineers usually manage to get their job done, and the new knowledge they get from the course will inevitably help 'Of course, continuing education for engineers is already stressed by the Japanese, who it seems, cannot learn enough Sitting in the audience at MIT last week was none other than Koji Kobayashi, chairman of Japan's Nippon Electric Corp He took

Bitter Ending

An editor walks out

This has not been a banner year for the Cowles Media Co, the Minneapolisbased media empire that owns four daily and 16 weekly newspapers, two television stations and one cable TV system I ast April, declining profits prompted the company to merge its two home-town newspapers, both ranked among the best of the medium-size dailies in the US. The afternoon Star which had undergone a steady circulation slide to 170 000 was folded into its matutinal sister the Tiibune (circ 240,000) The merger cost 110 jobs including 50 from the editorial staffs Last month Cowles closed the Buffalo Courier-Express the moining paper it had owned since 1979 after losing \$25 million on its operation

Still in a tight financial squeeze the company last week announced another round of layoffs at the Star and Tribune 75 jobs including 28 from the cd torial department Staff reactions were stunned and even bitter but none were as dramatic as that of Editor Charles W. Bailey. He resigned in protest, abruptly and angrily

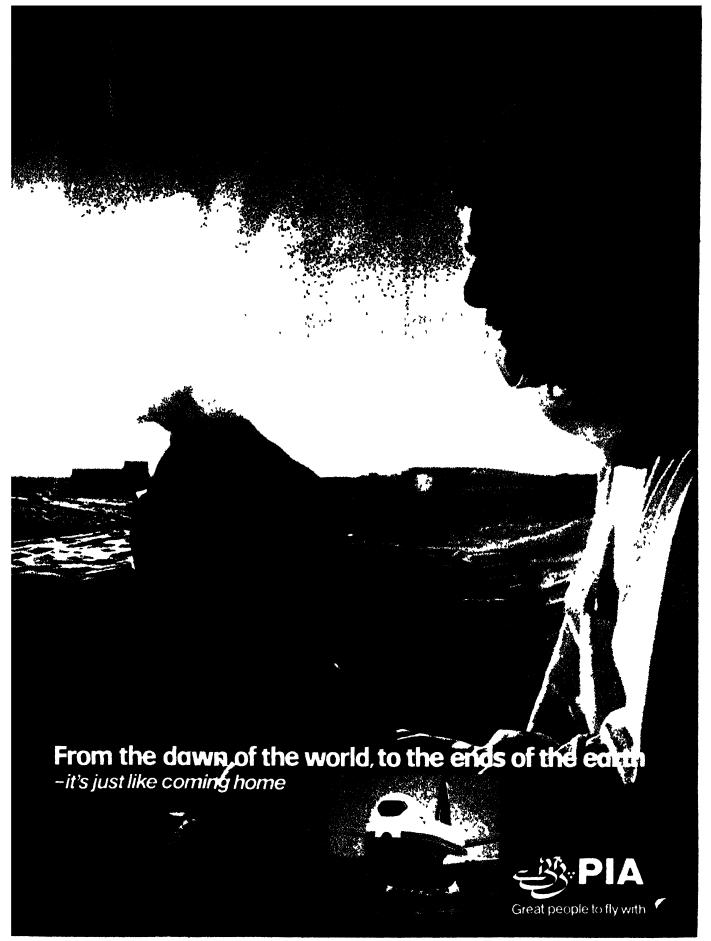
In his parting statement Bailey, 53 a 32-year veteran of the Tribune and its cditor since 1972, condemned the layoffs as a very serious mistake' that will have grave consequences. Bailey said the reductions would make it difficult to maintain, let alone improve" the paper's quality Bailey who was to step down by year s end to return to the paper's Washington bureau as a senior national correspondent, then announced that under the changed circumstances it would be 'unthinkable to remain in any capacity. His

departure, he said was the only way to meet my obligations to my craft, my colleagues and my own conscience

Cowles Chairman Otto Silha said that Bailey's departure would not have 'any great effect' on the quality of the paper But for some Star and Tribune staff members, Bailey's protest Bailey reflected a growing concern



that the company was stressing profitability and the value of its privately held stock above journalistic quality "It came as a complete shock," said Brent Stahl, a news research analyst and staffer with the pa-4 per's respected Minnesota Poll, which is also being axed The local Newspaper Guild polled its members and produced a vote of no confidence" in the paper's publisher, Donald Dwight But City Editor Bob Franklin asked if he could continue to operate with the reduced staff, grimly replied, "We can and we will "



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Video

The Blackboard Jumble

The networks start the new season by going back to school



Barton evokes Powers of Matthew Star

t is that sunny, uncertain time of year on the offshore islands of network television. The new season has just been launched and the vice presidents of programming are watching the skies. The winds can blow balmy in these weeks, or the weather can turn cruel. The season is young enough for any new show, even a thrice-cloned knock-off from an already enervated formula, to have a shot at success. At the same time, the season is far enough along-and computers demographics and ratings systems so sophisticated--that storm clouds filled with cancellations are already gathering on the houzon

As this year 5 line-up unfolds (the last of the new shows depending on the duration of the World Series, may not appear until late October), certain patterns have already emerged. One cornerstone show is Ripley's Believe It or Not! starring Jack Palance as a sort of host-narrator who guides the gullible down shadowy byways of history folklore sociology and pseudo science Palance who has the congeniality of Robert Louis Stevenson's body snatcher, goes in for twisted smiles of irony as if he were trying to bite open a marble He is the only presiding television host who actually seems to pronounce ellipses When he says, Witness the death rites of a Balinese prince in a fiery ceremony designed to release his soul for teincarnation each dot of the ellipsis seems to detonate on the soundtrack like a small grenade

The show (ABC Sunday, 7-8 pm EDT) is thoughtful chough to provide identifying labels for those viewers who may be getting their diploma through a matchbook correspondence course Isadora Duncan is described as 'the contro-

versial dancer.' Balzac and Proust in no uncertain terms as 'French novelists,' and Thus Spake Zarathustra as the famous composition by Richard Strauss' Ripley's signals a small trend among new shows to package a little educational value and, indeed, to use school as a significant backdrop Volumers - exclamation marks appear to be a la mode this yeareven ends with a plug to send the youngsters out to the library, where they can get the full scoop on some of the history the You are There and the film Time Bandus Youage of Island show has skimmed. A sort of hybrid of Voyagers! (NBC Sunday 7-8 pm) features Jon-Liik Hexum as a pilgiim from the future who crash-lands in the apartment of a lonely city boy (Meeno Peluce) Hexum who is rigged out in knee boots tight trou and leather jerkin looks to have lost his way en route to a communitytheater production of The Pirates of Penzance but convinces the incredulous Peluce of his credentials by whisking him off to Egypt 1450 BC where they discover Moses in the bulrushes France 1918 where they frolic during World War I and Dayton where they peck in on a couple of querulous Wright brothers and help get them flying. The youngster, of course knows all about history while the oftaddled time traveler (Smokin batsbreath' This isn't 1492") makes up in grit what he lacks in gray matter

Peluce's character is so precocious in fact, that he might skip a few grades and go right into the senior class at C restridge High where the calendar reads. Autumn 1982 but all available evidence indicates a stopover in the late 1950s Crestridge is the sort of happy-go-lucky institution where Shelley Fabares ought to be the homecoming queen and Beaver Cleaver



Linker and Parker fit into Square Pegs



Palance and truffle-hunting porker have a field day in Ripley's Believe It or Not!



Peluce and Hexum trip through Voyagers!



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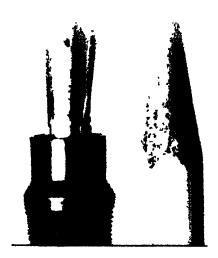
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the hall monitor It serves, however, as the unlikely temple of learning for Matthew Star, who is, literally, a space case Matt (Peter Barton) is, as the opening narration informs, "a typical American teen-ager" It s just that he also happens to hail from Quadris, a distant planet racked by civil war. He has come to earth to hone his telepathic powers in preparation for the day that he and his guardian (the splendid Louis Gossett Jr) will return home, unseat the usurpers and restore rightful rule to Quadris

Matt's telepathic powers are useful for getting him out of all sorts of scrapes including fitful pursuit by the dark forces from Quadris One of this legion actually enrolls in Crestridge and shows her otherworldly qualities by unnatural rigidity of posture persistent dilation of the pupils and a refusal to use contractions when speaking Earth talk For all his telekinetic talents though, the weirdest thing about The Powers of Mutthew Star (NBC, Friday, 8-9 pm EDT) is its portrait of adolescent America, all milk snacks and malt shops and homecoming games Barton is so reminiscent of Donny Osmond that the viewer keeps waiting for him to levitate a can of Hawaiian Punch while whistling God Bless America These shows may be aimed primarily at teens and preteens but it is only from the canny nonsense of Square Pegs (CBS, Monday, 8-830 pm) that such viewers are likely to get a buzz of recognition Weemawee High, happily is not in the same time warp as Crestridge in fact it might pass for any local school where the students have actually heard of New Wave and use 'punks' to mean musicians not young criminals. Weemawee is a cockeyed canvas of persuasively contemporary adolescence across which Producer Anne Beatts (a former Saturday Night Live writer) and a talented team, including Director Kim Friedman scrawl assorted sassy jokes, some shrewd send-ups and a few cultural graffiti

Their heroines are two earnest outcasts, victims of the teen-age uglies (Sarah Jessica Parker, Amy Linker), who devote most of their time to unsuccessful assaults on the In crowd "You know," says the school New Waver admiringly, 'I really like you two You've got no style It's a totally different head" The girls grapple with such peers as Muffy Tepperman the perennially earnest go-getter who organizes a dance so the class can adopt a starving Guatemalan child, Jennifer DeNuccio, a prototypical Valley Girl ("Like pass me out the door"), and a drama teacher who wants to stage a show called A Cafeteria Line and exhorts his aspiring actors to 'share a trauma with me" Beatts, Friedman and their writers pack solid laughs, a little sentiment and sidelong satire of such youth-oriented enterprises as Grease and Fame all into a fleet half-hour So far. Square Pegs is the sweetest surprise of the season --- By Jay Cocks

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YOI
Directed by Serif Gören
Screenplay by Yilmaz Guney

Ilmaz Guney is a national movie idol a world-class moviemaker and a convicted murderer. There are many in Turkey and in the international film community who believe that these three eminences are related. Guney is a fire-brand of his country's intellectual left. His films - slow ruminative defiantly indigenous—smolder with an ideologue's indignation and a poet's ironic compassion to these heresies and others. Guney has spent half of his adult life in prison. In 1974 while filming a scene in a crowded restaurant in Adana. Guney and his wife were insulted by a right-wing judge.



Tarik Akan and Şerif Sezer ın Yol

Fulfillment in pursuing a dark destiny

gun was fired the judge died. At Guney's hearing men stood up to proclaim that they not he had killed the judge Griney was found guilty he remained in jail until October 1981 when he escaped to Europe This May on the day Guney received a Palme d Or for 10/at the Cannes Film Festival Turkey demanded his extradition. He now lives in hiding

In 101 Guney is describing a milieu as familiar to him as the inside of a movie studio is to most Hollywood directors a furkish prison. This is not the glossy torture chamber of Midnight Express - no theatrical sadomasochism here no melodiamatizing of the color scheme no softfocus sexual groping—but a place where ordinary men endure the restless boredom of confinement. Five of them are given a week's pass to visit their families and find that the same restrictions face them and their women on the outside. The country is a prison every liberating 1mpulse is indictable and the more righteous villagers are all too willing to play judge and executioner Adultery is punished by eight months of bread and water, indiscreet lovemaking demands instant and bloody death. In this remorseless landscape where the subtlest smile on a stolid face can seem an act of anarchy each prisoner must find fulfillment by pursuing his dark destiny.

Guney 'directed 'lol while in prison, smuggling sketches and instructions for each shot of his screenplay to Serif Goren his assistant who then realized Guney's film plan Perhaps because of this longdistance arrangement 301 possesses a clarity of imagery and an editorial crispness not evident in Guney's other films. It is dour but never dull it proceeds with an assurance born of passion and technical expertise. The picture may thus serve as the announcement of an adjoit new direc-12 tor in Goren But first and final credit must go to Guney Time spent in the microcosm of a Turkish jail has educated him to the human idiosyncrasies of men under pressure Fach of Yol's characters moves to his own music discovers his own reasons refuses to be translated into a revolutionary slogan or a reactionary curse Guney has composed by remote control an eloquent portrait of a society in contradiction with itself -- a place where the peasants conspire with the government in baroque acts of repression and where a film like \(\frac{1}{0} \) can be made but never shown By Richard Corliss

DTs

I OOKIN' TO GFT OUF Directed by Hal Ashby Screenplay by Al Schwartz and Jon Voight

lex (Jon Voight) wears a white suit with more creases in it than WH. Auden's face. He drives a Rolls-Royce that pants and sputters like a dray mare about to be shot. He vamps his way through calamities with a bad little boy's giggle at just how cute he is. He is not cute, not charming not nearly substantial enough for a comedy about high rollers in Vegas. Alex bravadoes himself into the Dr. Zhivago Suite at the MGM Grand Hotel with his friend Jerry (Burt Young), who is also a compulsive gambler. I go to a party. I bet on the hors doeuvres.

Any viewer could bet the farm that Lookin to Get Out will hold no surprises Alex and Jerry will run a blackjack scam they will win more than they hoped lose more than they know Ann-Maigret as Alex sold flame will keep moving provocatively to sidestep the carnage The film was shot 2½ years ago and Director Ashby has spent much of the time since then fine-tuning the editing The effort shows, but not the effect the picture is a sloppy mess that stumbles toward oblivion like a drunk on a losing streak

—R.C.



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Letters

Israel's Crisis

To the Editors

After reading your cover story on Israel [Oct 4], I believe more than ever that the Begin government has got to go It is time for Israel to find a leader who will serve the interests of that nation before there is no nation left to serve

Eric R Lunde Holland, Mich

The worst fears of the PLO have come true Palestinian refugees cannot depend on the ill-equipped and ill-trained Lebanese army for protection. In the aftermath of the PLO's departure from Beirut, the world has a monal obligation to protect the Palestinians who still remain aftere.

Saifur Rahman Black shuig, Va



How many more Palestinians must be killed before President Reagan exerts pressure to stop arms deliveries to Israel? Only the creation of a Palestinian state and the official recognition of Israel by the Arabs will ensure an end to this terror

Maybe the Beirut massacre will show the world why Israel has to continue to be strong and alert at all times If Arabs could do such things to Arabs imagine what they would do to Israelis When the PLO killed women and children in Israel, we saw dancing in the Arab streets, not antigovernment

demonstrations

Sara Cohen Toronto

Zunch

I am among the many sickened by the massacre in Beirut I also believe Ariel Sharon was guilty of criminal negligence in allowing revenge-filled Christian forces into the Palestinian camps But how about a sense of proportion in dealing with the tragedy' Let us not use the word Holocaust lightly There has been nothing

comparable in Lebanon or elsewhere to Hitler's deliberate campaign to murder all European Jews which resulted in the death of 6 million

Maxwell Finger
New York City

Israel at least has the decency to feel a moral responsibility in the deaths of so many. The Lebanese who committed these acts apparently feel nothing.

Marcia Desbien Burnsville, Minn

Since its founding, Israel has always insisted that Arab governments are accountable for terrorists operating from within their borders. The same argument should apply to Israel, which must now take responsibility for the actions of its Christian allies. However, if Israel is to be blamed for the massacre, then the Arab governments must receive equal blame for knowingly harboring terrorists within their borders.

Arthur Schneider Newton Mass

Isn't it monic that scenes of uncivilized behavior come from lands that are credited with being the cradle of civilization. And isn't it more ironic that these ungodly acts are taking place in the area where three of the world's great religions began?

Catherine A Bruce Murfreesboro Tenn

The whole Middle East is an abyss of injustice

Walter J Sokira Jr Cuvahoga Falls, Ohio

Grain Glut

It does not matter if crops are good or bad the farm problem never seems to go away [Oct 4] As a retiree on a limited income, I can rarely afford butter, steak, asparagus or roast While I am using margarine, my taxes are being used in part to pay for butter, which the Federal Government will be giving away It makes me

> Elizabeth Jessup Elmhurst Ill

We should divert money from the bloated defense budget to send the grain surplus free of charge to the world's starving people Economists will say this can't be done, but no one believes them any more Make America a nation of compassion

Richard V Pierard Terre Haute Ind

The US Government should buy up most of the surplus grain and convert it to alcohol for gasohol This would sop up the grain glut

> Esther Koch Azalea. Ore

Short-Cut Bible

I am amazed that the Reader's Digest would have the audacity to digest the Bible [Oct 4] Next the editors will offer a shortened version of the Constitution

(The Rev.) John E Eliason Burlington, N C

Did God die and leave Reader's Digest in charge? With this new version of the Bible people will know only 60% of God and will make false assumptions about the other 40%

John Haddad Wayne N J

Call me a cranky Fundamentalist, but I challenge the competency and question the motives of anyone who would edit the inspired word of God

Donald S Appleby Bumingham

If I ditor Metzger's hope is to encourage people to read the whole Bible, he would have had a better chance if he had just removed all the "I hou shalt nots."

Marian Wells Boulder Colo

With the arrival of the Reader's Digest Bible 1 have started to read Scripture and find it hard to put down

Ormond Del orest Seibert Remsenburg NY

Pope and P.L.O.

The Pope's meeting with Yassei Arafat [Sept 27] may represent the Christian charity of turning the other cheek, but it deserrates the memory of the Christians who were murdered by the PT O

> Elmer Swack Zanesville Ohio

The value of the papacy is its moral symbolism, not its diplomatic skill. If Yasser Arafat needed solace a priest would do, if mediation a bishop would suffice But he sought approval from the highest figure in the church the Pope Roman Catholics should shout their hortor of this tragic meeting.

Ronald J. Ruszkowski Waterbury Conn

Watt a Smile

In the picture showing Secretary of the Interior James Watt smiling and poised over the antelope he killed [Oct 4] he looks like a high school boy who has just lost his virginity

Lincoln Morrison Boston

LETTERS TO THE EDITOR should be addressed to TIME Letters. Time & Life Building 3.6.2 chome Ohternachi Chivodaku. Tokyo 100 Japan and should include the writer's full name addressand home telephone. Letters may be edited for pur poses of clarity or space.

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A Letter from the Publisher

Covering a national election in any country can be a challenging assignment as the TIMI correspondents who reported this week's cover story on Spain's continuing experi-

ment in democracy can attest. Paris Bureau Chief Jordan Bonfante started his coverage of Spain's current political scene soon after the election was called in early September Bonfante tracked Socialist Front Runner Felipe Gonzalez at his headquarters in Madrid and on the campaign trail. He also watched Rightist Candidate Manuel Traga during campaign appearances in Alcorcon Leganes and Mostoles That experience allowed Bonfante to compare the candidates, strongly contrasting styles and followings served Bonfante but Fraga gets the jumpers and squealers

One of the problems Bonfante encountered while covering Gonzalez Traga and several other candidates was that most of the action took place in the late evening. Spaniards conduct their political campaigns the way they raise their children he says. That is to say after 11 at night. Doctor's orders posed a



Conzalez gets the numbers' ob- Walker and Bonfante before campaign posters in Madrid

more serious problem latter 23 speeches in eight days. Gonzalez's voice had faded, and it was suggested that the only way to conduct an interview might be in writing, an obviously unsatisfactory arrangement. Fortunately. Gonzalez's physician relented and in a hotel in Orense Cialicia. Gonzalez hoarsely gave his views on a number of domestic and foreign questions

> Having lived in Spain for nearly 20 years FIMI's Jane Walker has .. witnessed the country's progress from full-fledged tranquismo to its current march toward genuine democracy Says she During that time I have also seen I elipe Gonzalez grow from a brash inexperienced young man in the illegal Spanish Socialist Workers Party into a polished potential Prime Minister

Associate I ditor John Nielsen who wrote the story helped cover Spain for TIMI from 1975 to 1977 and left for New York City on the opening day of the first democratically elected Cortes since the time of the

Republic Says Nielsen Spain's economic problems have been unfortunate for its current political experiment, but I don't think it's terminal. The Spanish are a wonderful capable people

ohn a meyers

Cover: Photograph by Jacques Pavlovsky Sygma

Index



Cover I ront Runner Felipe Gonzalez could well become Spain's first Socialist Prime Minister since the Civil War If he does he will inherit a deepening economic crisis and a coup-prone antidemocratic military establishment



World: While the US perfects a rapid deployment force to pro teet them. Arab nations in the Middle East hesitate to cooperate > Surprise and relief greet the announcement of Suzuki's resignation in Japan



Religion: Maximilian Kolbe the Angel of Auschwitz is declared a Catholic saint > I mmanuel Milingo Archbishop of Lusaka is confined to a Roman monastery for his questionable healing and exorcism practices

Economy & Business: Wall Street stock prices boom to new highs in record trading as large and small investors alike speculate that the f ederal Reserve is cutting interest rates to stimulate the lagging U.S.



Poland. Protesting the banning of Solidarity angry workers demonstrate with a spontaneous wave of strikes across the country But a deter mined military gov conment acts swiftly to but down the revolt Sec WORLD



Art. Australia's Nation al Gallery opens to black ties and cham pagne. I hough the collection has weaknesses Old Masters and moderns are poorly represented the gallery will help transform a nation's im ige of itself

1 Letters

28 United States

37 Science

59 Living

38 People

45 Behavior

56 Cinema

57 Medicine

60 Essay

economy

61 Milestones

44 Education

62 Books

65 Computers

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World-

TIME OCTOBER 25, 1982

POI AND

The General Wins a Battle

Jaruzelski swiftly puts down the protest against the banning of Solidarity



Symbol of the government's triumph: a water cannon in front of the Gdansk railway station drives demonstrators off the streets

t was a makeshift sign hanging over the entrance to the Lenin shipyard in Gdansk but the message in black letters was plain and specific SOI IDARI-TY LIVES Three days before Poland's parliament had passed a law formally abolishing the independent trade union yet, as the simple banner at the union's Baltic birthplace made eloquently clear Solidarity supporters were not yet ready to bury all the aspirations and hope that had been inspired by the reform movement, however powerful the suasions and muscle of Poland's military regime. In Gdansk and other cities across the country last week the union's supporters protested Solidarity's demise and ten months of martial law with a spontaneous wave of strikes and demonstrations

For a brief moment at least, the scenes of defiance and hope recalled the exhilarating mood of August 1980 when Solidarity was born. In recent months Poles had staged symbolic work stoppages and street demonstrations to protest the

imposition of martial law last December This time the angry workers arriving for the first shift at the Lenin shippard wanted action they called a wildcat strike Before long Gate No 2 scene of so much activity two years earlier as Solidarity grew into a force that shook the Communist bloc was once again covered with red-and-white national banners papal portraits and flowers. As strikers in drab blue overalls and hard hats chanted slogans. Poles massed outside to cheer them. on, tossing bouquets, cigarettes and food through the iron fence Fmboldened by the crowd, workers renamed the shipyard Solidarity, daubing the union's name in a crude graffiti scrawl across the bottom of huge white letters spelling IENIN on a sign above the entrance

A brave beginning, and one that surprised US analysts by its strength, but despite the evident similarity to the events of 1980, history did not repeat itself in Gdansk last week General Wojciech Jaruzelski, head of the military regime

made it clear from the first flicker of protest that his government would not give an inch

To prevent the Solidarity supporters from coordinating activities with other groups across Poland, the generals quickly cut telephone and telex lines to the troubled port Convoys of police and ZOMO, the paramilitary police force, roared into Gdansk, turning the city into an armed camp. When the strikes stretched on for two days riot police used water cannons and tear gas to disperse crowds that gathered on the square outside the shipyard. As flames lighted the night sky police battled youths who blockaded streets with bonfires and trash cans.

Under attack in the streets and besieged in the shippaid the strikers had no leader of the caliber of the imprisoned Lech Walesa to organize an effective challenge to Warsaw's might Working through clandestine committees, union activists drafted a list of demands for the government calling for the release of Waless and other internees, an end to martial law, and the revival of Solidarity Without a formal strike committee to coordinate activities, the initiative faltered

Even the shipyard workers who had given Solidatity its start seemed to have little relish for a prolonged strike Rathei than seize control of the plant they decided to leave peacefully at the end of their shift and return the next day to continue the work stoppage After attracting some 8,000 to a fally on Monday, organizers of the protest drew half that number the following day Said a frustrated striker recalling Walesa's diamatic entrance two years before 'We need someone to jump over the fence and lead us

Then the military regime decided to play its trump card and announced that the lenin shippard would be 'militarized. As sullen workers entered the plant. Wednesday morning they were shanded white leaflets signed by the ship-

and police moved in again to break up the crowd 'Uniest was also reported in the western industrial cities of Wroclaw and Poznan By week's end however the wave of protest had all but ebbed

The latest tremors from Poland provoked by now predictable expressions of outrage in Western capitals. The week's events said a US State Department spokesman underscored the depth of President Reagan's feelings about the repressive measures that have been taking place in Poland Trench President Tran cois Mitteriand condemned the banning of Solidarity as a new and dramatic blow at the rights and liberties of Polish man During his first major policy address to the Bundestag, West Germany's new Chancellor Helmut Kohl diew a sustained burst of applause when he called for a lifting of the ban on Solidarity, which he termed a cold blow against the Polish people 'Still there were no signs that the

gaining the upper hand against tattered opposition groups. Last week despite the unrest in Gdansk, the government pointedly kept its promise to release 308 detained Solidarity activists, leaving some 700 in interiment centers. But obstinate resistance from supporters of the crushed union is still strong enough to thwart the program of reform that Jaruzelski has in mind for Poland After the Lenin ship-yard flare-up martial law will probably remain in force for some time to come

The showdown in Gdansk also taised key questions about whether there was indeed life after death for the independent trade union. Clearly, any protest that falls short of a complete shutdown of the Polish economy will only provoke a show of force from the state and further prolong the present stalemate. There were also indications last week that group unity was wearing thin in the union.

The Odansk strike seems to have





Workers in Gdansk running to escape the riot squads, in a solitary show of defiance, a protester kicks back a gas canister

yard manager who was now identified as 'commandant' Under the decree the workers could be imprisoned for as long as five years for failing to obey orders

y noon it was clear that the strike had been broken. As many as 50 workers were summarily dismissed from their jobs, and hundreds of others lost their year-end bonuses, so-called thirteenth-month wages. Said a former striker. How can you do anything if they put a pistol to your head?

Even so as tensions eased in Gdansk, violence flared up some 300 miles to the south in Nowa Huta, a model working-class city near Cracow When 3,000 workets carrying Solidarity banners attempted to march from the Lenin steelworks to a nearby church, riot squads turned the procession aside with tear gas and jets of water A night of pitched fighting took the life of one worker Demonstrators gathered the next day before a makeshift memorial to the slain Solidarity supporter,

Western alliance was any closer to agreeing on a common approach to the Polish question or that, indeed, it had much leverage on the Jaruzelski regime

Reflecting the growing frustration of Poland's powerful Roman Catholic Church, Pope John Paul II rebuked the regime for abolishing Solidarity Archbishop Jozef Glemp the Polish Primate described the edict as a trampling of man, of disrespect for man's dignity. But all he could offer was a hope. We wish we could free our country from such evil.

While protests poured in from around the world and unrest rocked cities across Poland Soviet Defense Minister Dmitri Ustinov assured Jaruzelski that Poland's "internal counterrevolutionaries were "doomed to failure and promised the full support and help of the Soviet Union

For the moment Poland's military leader does not appear to need any big-brotherly aid from across the border If anything, Jaruzelski's military regime seems increasingly confident that it is

gone on independently of Solidarity's national leadership in the underground. Despite a letter from nine Solidarity activists in Warsaw's Bialolcka Prison last week that warned against joining new government-sponsored trade unions, some Solidarity supporters talked privately of trying to take over the new labor organizations from within

Still as the government and the defunct union measured gains and losses in the continuing war of attrition US State Department officials expected that the stubborn and independent Poles might well continue to stage sporadic street clashes and strikes. Reflecting on the latest paradox to develop from the Polish crisis a Warsaw intellectual noted, perhaps too pessimistically. The Solidarity chapter is closed. Only the ideals remain. As Poland's military rulers learned again last week ideals do not yield easily to concussion grenades, tear gas canisters and water cannons -By John Kohan

Reported by Richard Hornik/Gdansk

COVER STORY

Spain's Socialists On the Move

While the military sulks, the people look left

oses clutched in his upraised hands the candidate acknowledges the cheers of his followers Fe-li-pe' Fe-li-pe' The rhythmic chant thunders in unison from perhaps 10 000 throats. It is a familiar scene repeated many times in recent years. Last week however there were some important differences especially in the central character. The boyish good looks were still there of course but the trendy informal style had changed. The rumpled slacks and open collar, once personal trademarks had given way to sober jacket and tie. The untuly mop of black hair had been tamed into a sleek layered look, with a dignified touch of gray at the temples. It was an appropriate new image. Barring a major upset Telipe Gonzalez Marquez 40 could soon be Prime Minister of Spain the first Socialist to hold the job since the Civil Wai

That possibility is a measure of the progress Spain's young democracy has made in the past five years and of the challenges it faces. As the campaign for the Oct. 28 general election hit full stride last week. Spain looked like any other open society preparing for a peaceful transfer of power Posters blossomed on every available wall, political jingles filled the air waves candidates barnstormed the provinces.

Yet this was no national fiestal no joyous reprise of the first post-Franco general elections in 1977. Crucial was the word most often used to describe the impending vote Spaniards were going to the polls five months early because the Union of the Democratic Center (UCD) the party that had guided them through the early days of democracy could no longer govern effectively. The question on most people's minds was not whether the Socialists could do better but whether rightwing extremists among the military would let them try

The uncertainty factor has been prominent in Spanish political calculations ever since an abortive coup attempt in February of last year and took on new urgency a fortnight ago when authorities uncovered another plot against the government. This one called Operation Cervantes was scheduled to take place on Oct. 27 one day before the elections. Three artillery colonels were arrested and charged with sedition. The plot which envisaged the isolation of Madrid from the rest of the country, would have been bloody, according to Defense Minister Alberto Oliait.

The arrests immediately made the question of political stability a major if delicate election issue. While it was by no means certain that the latest plot would huit Gonzalez and his Spanish Socialist Workers Party (PSOI) opponents in the UCD and the conservative Alianza Populai (AP) made it an implicit part of



The front runner: Socialist Leader Felipe Go

their campaign rhetoric. They cannot openly say. You see the army was unhappy because the Socialists are going to win explained a nonpartisan government official. They send subliminal messages. The UCD conveys the idea that the center is safety. The AP sends the message. We are stability you don! want to jump blindfolded into a dangerous future.

The present is already dangerous enough Because of a deepening economic crisis, more than 2 million Spaniards - 16% of the labor force—are out of work Inflation—once seemingly on the way down from a high of nearly 27% in 1977.



Fraga: "All Spanlards are Franco's heirs whether they like it or not



Lavilla: trying to piece together the tattered remains of his party



launches his campaign at a rally in Segovia, not far from Madrid

bottomed out at 12% at the beginning of this year and then resumed its climb. It is expected to reach 15% by the end of the year. The country is as well debating a proposed move to legalize abortion (advocated by the left repugnant to the right). I mally it must cope with the continuing threat of Basque terrorism, which has claimed the lives of five policemen in the past month.

Disagreements over these major issues and fierce factional wrangling inside the UCD led to the collapse of the outgoing government of Prime Minister Leopoldo Calvo-Sotelo. A loose amalgam of political groups rather than a cohesive

party the center-right UCD had been disintegrating for months as members at its fringes broke away to form new parties or ally themselves with more compatible groups on the left or the right Helplessly, Calvo-Sotelo watched as his parliamentary base shrank from 168 seats in the Congress of Deputies the lower house of the Cortes to a mere 123 seats. The most crushing blow came in August when former Prime Minister Adolfo Suarez. 50 bolted the UCD which he had created in 1977 labeling it an impossible project.

Cionzalez and the Socialists entered the race as heavy favorites. A poll pub-

lished a fortnight ago gave them 27 4% of the decided vote and as much as 45% of the potential tally (The latter figure was obtained by calculating the inclinations of undecided voters) By contrast the second-place rightist Alianza Popular could muster only 9.5% (16% counting undecided voters) The UCD came in a distant third with 42%, and the Communists mustered a base 4 1%. There are however an enormous number of undecided voters in Spain at the moment, as many as 45% in some soundings. This enormous swing vote means that anything could happen in the elections. The Socialists could walk away with a majority in the 350-member Congress or they could fall short of the necessary 176 seats and be forced to govern either with a minority or in coalition. There is even an outside chance that a center-right coalition could keep them out of power

Sensing victory Gonzalez & Co have mounted an almost obsessively moderate campaign. Despite the party's slogan, For Change, Socialist railies show little radical fervor. There are no red flags and clenched fists no renditions of the Internationale as there were five years ago And the party leader once so peripatetic that a newsmagazine dubbed him ' Hurricane Felipe is carefully subdued. His speeches are long and closely reasoned delivered in a folksy hand-in-pocket country-lawyer manner. The aim says one Socialist strategist is to present the voters with a 'pedagogic rather than a theatrical campaign. We could mount a hot campaign if we wanted to the strategist explains. But the left-wing voter is already convinced. We have to devote our message to abstentionists and poor conservatives, especially peasants and small shopkeepers. That's why Iclipe's campaign has to convey an impression of calm and capacity for tranquil moderate change

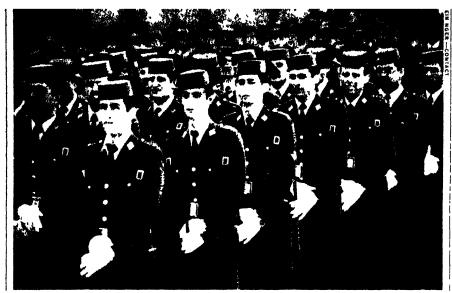
The party's election platform in fact is a study in socialist moderation. It pledges to give top priority to fighting unemployment and to create 200 000 jobs annually over the next four years. The main tools would be neither sweeping national-



Suárez: seeking power sharing with a one-man shoestring campaign



Carrillo: returning to left-wing bombast in a quest for votes



Civil Guards, part of the armed forces, in formation: Will they fall in behind the Socialists?

ization of private industry (a la France's Mitter(and) nor heavy government spending Rather the Socialists call for a tightly controlled state credit program to promote small- and medium-size business investment in depressed areas. In addition, they propose shorter working hours and a strict crackdown on tax evaders (though no tax

increases) The only enterprise to be nationalized would be Spain's electrical grid The single controversial position in the entire document is a reiteration of Gonzalez's longstanding pledge to hold a referendum on Spain's becoming a member of NATO last May, a stance he has lately been softening (see hox)

Rival politicians concede privately that their best hope is to hold the Socialists to less than a majority in the Coites, thus forcing them into a coalition—to protect them from themselves, 'as one conservative puts it. In public however, Gonzalez's opponents are going all out to i win and none more conspicuously than Manuel Fraga Inbarne, 59, the pugnacious leader of the Alianza Popular Where Gonzalez seeks to soothe and reassure, I raga seeks to alouse Where Gonzalez is almost professorial. Fraga is impulsive often plunging headlong into hostile territory in his quest for votes A recent foray into Seville a Socialist stronghold and the home of Gonzalez resulted in a nasty shoving match with a group of teen-age hecklers. When an aide counseled retreat Fraga adamantly refused 'no matter how many they send against me 'Fraga ha tenido huevos de venus aqui said one admiring Sevillano (Fraga had guts to come here)

Even among his friends however there are those who think I raga may be too combative especially considering his roots in the ancien regime under which he was Francisco Franco's Minister for Information and Tourism Traga's public statements for example often imply a certain coziness with ultrarighusts in the

The González Agenda

verybody calls me Felipe Everywhere I think that's very pretty," Felipe González said with a grin Indeed, he added, even senior European Socialist leaders like French President François Mitterrand and West German Social Democratic Party Chairman Willy Brandt, duly address him as Felipe, and he smiled again at the thought of it. It was a brief interlude of levity in González's hard-driving, all-business approach to politics and a rare moment of relaxation in the midst of a demanding three-day campaign swing across the northwestern region of Galicia The seven-city regional tour last week, by chartered bus, was rendered that much tougher by the fact that most of the public rallies, like those elsewhere for that matter, were being held at night, some as late as midnight

On this morning, in the city of Orense, González was under doctor's orders to rest his strained, hoarse voice as much as possible between speeches. He had breakfasted with his wife, then emerged into a hotel sitting room outside his suite Security is so tight around González that, as is often the case, the entire first floor of the hotel had been sealed off for him A burly security man screened all visitors to the floor, and he and two other bodyguards posted themselves discreetly in the hall and in corners of the big sitting room, as González settled down to an interview with TIME Paris Bureau Chief Jordan Bonfante

Alternately smoking or fidgeting with one of the long Havana panatelas regularly sent to him by Cuban President Fidel Castro. González ranged over domestic and foreign issues. He treated the prospect of a Socialist victory as though there were very few ifs about it and repeatedly used the phrase "I will" rather than "I would" He indicated that if the Socialists were to fall short of an absolute majority and win only a plurality, he would not try to get by with a minority government On the international front, he made it clear that if elected, he would try to make Spain more independent

of NATO and the West and more inclined toward Latin America (Iberian America to Spaniards) and the Third World in general

On his party's platform: It is more than a socialist program in the sense that it is a national program a program of democratization of the state and its institutions and society. It is socialist in the sense that it deepens democracy but not in the sense that it is strictly a party alternative A lot of what we say about what we have to do could just as well be done by a progressive bourgeoisie, but it does not do it

On his plans for governing if his party does not win a majority: We would be what the Italians call a "majority-style minority" We would make an effort to find a solid governing majority I am not in favor of minority government at this time in Spain There

are too many political, economic and social problems. If we do not win an absolute majority, we will undoubtedly have to build a majority with the help of another group This does not necessarily mean a coalition government. It could be a parliamentary agreement But I don't think that in this pre-electoral period it would be opportune to talk about who our partners could be

On his relations with the military: Up until now, our relations have been very infrequent, but I think mutually respectful. In the future, our relations will have to be much closer, from the constitutional point of view with respect to the armed forces' external defense role and their role as the last defense of the constitutional order, and from the Candidate González puffs cigar



army "If my government had been in power, you can be sure this intended coup would never have happened," he recently declared, 'because I know how to lead' then your sinterpreted the statement to thean that his policies would have been in tune with military sentiment and, consequently, many wondered about the depth of Fraga's democratic convictions. Indeed Antonio de Senillosa a member of the Cortes and recent AP defector warned that 'I know for certain that the triumph of the AP would mean the loss of some of our hard-won liberties."

Fraga's platform is outspokenly conservative. He opposes legalized abortion and favors strong central government lower taxes and a laissez-faire economic policy. He even proudly recalls his association with Franco All Spaniards are I ranco's heirs whether they like it or not he says. I think the country is betper for it " Many of his countrymen seem No agree During the past month the Alianza Popular has seen its approval rating jump from 7.2% to 9.5% among decided voters and from 13% to 16% overall The same poll rates I raga the second most popular politician in Spain after Gonzalez

Not long ago Adolfo Suarez outpolled them both. In virtual eclipse since he re-





Deepening economic crisis: jobless workers line up outside a Madrid unemployment office

signed from the premiership in January 1981, Suarez re-emerged with his new party the Social and Democratic Center (CDS) too late to build an effective organization and raise money (The party sinitial kitty was a mere \$20 000) Making capital out of adversity the telegenic ex-Prime Minister has mounted a man-of-

the-people campaign, walking through key electoral areas when he must using television when he can. In economic policy Suarez calls himself a social democrat on the political front he advocates strong measures to deal with rebellious army officers. I would have liked to have been Defense Minister after the Lebruary 1981

political point of view with respect to their role as representatives of the popular sovereignty I am talking about the logical relations that exist between the political power and the armed forces in any democratic country We do not believe in a Igovernmentarmyl 'pact' That would be inadmissible

On his opponent Manuel Fraga: There is a great role Fraga Could play for democracy, to take those who do not believe in democracy—all those of the ultra, over-the-mountain, fianquista right—and put them into the play of democracy In Spain in the past half-century, the only thing that has adapted to reality has been the left. The right has yet to change

On Mitterrand socialism vs. González socialism: The political, economic and social realities of Spain are substantially distinct from those of France We do not have a state apparatus as



scans El País on the campaign bus

well established and as rigorous as the French We could not carry out the same kind of [nationalizations], because there is insufficient capacity to do so in Spain Besides which, I am not much of a believer in nationalization From an outside point of view, the facts that we would not nationalize in the same way or enter into a partnership with the Communists are the two major differences

On the Socialists' foreign policy: Up to now, Spanish foreign policy has been turned exclusively toward the European sphere, including our integration into NATO We have not been careful about our relations with the Iberian-American continent or with the countries of the Mediterranean basin and of the Arab world I think we have to intensify our relations in all these directions. But we cannot have a global foreign policy because we do not have the means to reach effectively into all four corners of the earth.

On Spanish membership in NATO: We have never been opposed to NATO What we are against is Spain's joining NATO, which is different. It is not just us but the whole of the Socialist International that favors the disappearance of military blocs. But while the military blocs exist, we have made no ideological attack against the existence of NATO. From a defense and security point of view, there is no need for Spain to join NATO. Our party is committed to a referendum on NATO membership. We have no set date for that referendum. We will study the situation with maximum care and attention. We are in no hurry.

On U.S. bases in Spain: The government of the US and the government of Spain have reached a bilateral agreement on the bases. We have always said we would accept the existence of a ratified agreement. But that agreement has yet to be ratified by the Spanish parliament. There exists the possibility that the agreement might not be ratified. I say the possibility. What bothers us about the agreement is that it has been framed in connection with NATO's defense system not with Spain's defensive requirements. If it is a bilateral agreement an agreement for mutual defense then I would have to determine whether it serves the defensive requirements of Spain. The present government has studied it, but has yet to ratify it. If we win the elections we would have the right to restudy the agreement.

On negotiations for Spanish membership in the European Community: One cannot be satisfied with the progress of the negotiations. [The member countries see] a lot of problems concerning our integration into the F.C. The French have always seemed to be the ones most firmly opposed to Spain's entry. But the French attitude frequently has served as an excuse for the other countries to put the brakes on Spain's entry. Underneath, there has been a lack of will on the part of other countries too.



Street scene with campaign posters in the struggling Andalusian village of Medina Sidonia

We will be happy with anyone who gives us work, we don't know what a regular job is

coup attempt he says. I think that a swift accurate and tough example was called for at that moment, and time has proved me right.

Time certainly seems to have worked in his favor during the campaign. Suarez's singlehanded stumping has gained the C D S 3% of the decided vote (up from 1.7% two months ago) and as much as 8.4% of the potential vote (up from 5.2%). But while the gains are admirable they may not be enough to give Suarez his initial goal, a pivotal perhaps power-sharing role for his party should the Socialists fall short of an absolute majority.

While Suarez's fledgling creation was on the offensive the tattered remains of the Union of the Democratic Center were fighting gamely to run in place. I andelino Lavilla 47 the patrician chainsmoking legislator who succeeded Calvo-Sotelo as party leader insisted that the UCD remained a viable necessary force in Spanish politics. According to polls the Spanish electorate is sociologically at the center he proclaimed to anyone who would listen Many Spaniards refuse to be caught in the dilemma between left and right. The UCD Lavilla said had healed its rifts and was once again a realistic alternative to the question mark of socialism. The UCD has the ability to govern itself and the country said he The crisis in the party is closed. So far the message has fallen flat. The party commands just 4.2% only one point more than Suarez's CDS is 7', a month ago



Cathedral spires and smokestacks tower over the industrial Basque capital of Bilbao

More than 2 million people unemployed, and inflation climbing rapidly toward 15%

Once a force to be reckoned with, the Communist Party has come in a poor fourth thus far in the campaign. The party holds just 4 1' of the popular vote less than half its support in the 1979 elections. The causes of the fall are many. The partv has for years been rent by internal divisions between generations and between ideologies. As a result it has lost a number of young activists to the more dynamic Socialists and to other groups. In an effort to regain lost ground. Party I eader Santiago Carrillo 67 has lately shelved his moderate Eurocommunism in favor of old-fashioned hard-left bombast. While the Socialists have pledged to create i 800 000 jobs in the next four years, the Communists have upped the bidding to I million and would nationalize all public utilities remove U.S. bases from Spanish soil and seck an immediate referendum on Spain's membership in NATO

As the high percentage of undecided voters suggests there is a deep strain of skepticism in the electorate. In part, the attitude stems from a unique political backlash Democracy arrived in 1977 and was greeted with widespread euphoria. Democracy however could not solve all the country's problems above all it seemed incapable of creating jobs for the growing army of unemployed workers. Worse it yielded what many Spaniards perceived as ineffectual government. The elections will change nothing declares Juan Manuel Sanchez Gordillo. 30

clares Juan Manuel Sanchez Gordillo 30 a schoolteacher who serves as mayor in the village of Marinaleda not far from Seville. They will wash the farmhouse but the proprietors remain the same

he recession explains part of the disillusionment Spanish workers are being squeezed by the slump both at home and abroad particularly in northern Europe where a traditional market for guest workers has virtually dried up. Thousands of Spaniards have come home clogging an already crowded labor market and straining the country's meager social services. In the hardest-hit regions. Andalusia Galicia and the Basque country - unemployment is estimated to be as high as 25%. The suffering is especially acute in rural areas because farm workers receive no unemployment benefits

In the Andalusian town of Mediaa Sidonia neai Cadiz Mayor Agustin de la Flor watched sadly last week as his neighbors gathered for their daily assignments under a government-funded public works program. It is wrong that these people should have to queue up every morning for stupid jobs just to give them some income he told TIME Nonetheless, with 500 people officially unemployed in a community of 8 500 the make-work scheme spells survival though little more than that On this particular morning most of the 500 turned out looking for a day's work about half were successful Some were sent to tidy up the local football field, others to dig ditches for new sewer drains. But most seemed to spend

World

more time standing around and smoking than working. If we work too hard now will finish this bit of ditch in two days one explained. We need this work to last a week.

That week's work will bring each man about \$40. Some weeks we get only half that said Manuel Crarcia Lopez 55 who supports a family of ten. It depends on how much work there is to do. There could be much more to go around the locals contend if the land in the area were properly exploited. Most of the terrain however is owned by four large landholders who have few jobs to offer. They raise fighting bulls, which require vast areas for grazing, but breeding them offers little in the way of employment.

The vast majority of Medina Sidonia's residents plan to vote Socialist if only as an expression of their hope that things can improve Meantime life in the town goes on much as it has for hundreds of years (The ancient village church dates in part from 1500) Old women in black sit in front of their whitewashed houses and watch the world go by old men play dominoes by the hour in Medina Sidonia's bars Siesta brings the town to a halt. Still the villagers hope that some things will change. We don't mind who wins. We will be happy with anyone who can give us work - says Juan Francisco Quiros 26 His community work group consisted of 30 young men not one of whom had ever held a regular job. I wish we had the says but we just don't know what a regular job is

The Socialist formula for creating jobs rests mainly on a scheme to distribute credit to small businesses in distressed areas. The party's strategists argue that the corporate state inherited from the Franco regime channels too much credit to government industries and big companies They propose a system that would force the country's private regional banks to make loans only in their own regions under the direction of a special governmentappointed local board. The plan stops short of nationalization but obviously amounts to extensive government regulation of local banking activities. While Spanish banks are unhappy about it some economists see it as a shrewd way to channel significant financing into businesses that provide more than 80% of the country s jobs

The Socialists business critics are even less impressed with other aspects of the party platform. They doubt for instance that clamping down on tax evasion would generate enough new revenue to finance higher social expenditures. Moreover the pledge to create 800,000 jobs they think amounts to standing still it would take growth of that level (about 3%) just to absorb the 200,000 young people who enter the labor force each year. The current army of more than 2 million unemployed would remain and under the pressure of increased spending inflation would probably rise.

Such analyses have prompted many Spanish businessmen to endorse the Alianza Popular More surprising, the prospect of a Socialist victory has raised darker lears among an admittedly tiny minority of economic chaos and possibly political violence. One major bank in Madrid for example expects to lose \$4.2 million in deposits within 48 hours of a Socialist election victory. The bank has given its ranking employees a weeklong course in how to deal with a run.

Most Spaniards would doubt so gloomy a scenario. They have convinced themselves that their country has changed radically since the violent days of the 1930s. Neither the extreme social inequalities of that era not the deep religious feelings of the old generation exist any longer. Savs a government official in Madrid. Most Spaniards have no recollection of the left in 1936.

As the recently discovered coup plot shows these officers are seething at the prospect of a Socialist government. "They think that Gonzalez and his Socialists are Marxist wolves in sheep's clothing 'says one liberal junior officer who sees the abortive February 1981 coup as graphic evidence of these attitudes. I had concluded that no coup could succeed because the King would be sure to oppose it he recalls. I believed that no one would be foolish enough to try one. But they did which shows that some of them are even further from reality than we thought. The subsequent trial of the coupconspirators sent contradictory tremors through the reactionaries among the officer corps. They were relieved to see that the younger participants got off with light sentences but they were outraged that Lieut General Jaime Milans del Bosch a revered figure who served in Spain's Blue Division which tought with Nazi forces



A mural against Spanish membership in NATO decorates a wall in suburban Bilbao

The Socialists called for a referendum but have lately been downplaying the issue

Most Spaniards however are not in the armed forces. There the memories are purposely kept fresh. The military services are the last bastion of franquismo in Spain. To the older generation of officers and some younger ones as well the Civil War was a crusade against godless Communism The armed forces in this archeonservative view of things are the guardians of Spain's traditional values of a powerful central government and above all of national unity a concept with almost mystical overtones. Moreover, the Spanish military is almost wholly isolated from the rest of society. Military families live in self-contained communities their children often attend military schools officers are tried by military courts, their education is prescribed by military regulation. Not surprisingly only a minority of senior officers perhaps 10% according to one informed estimate---are true democrats. Most of the others are deeply conservative franquistas many with narrowly fascist views

against the Soviets in World War II was sentenced to 30 years in prison. And they were furious that Calvo-Sotelo a civilian dared to question the military's autonomous court system.

ow the young officer says the ultra-rightists are simply sitting and waiting. They believe the Socialists are going to win. They are unhappy about it. They do not want to accept a Socialist government in Spain, but they know that King Juan Carlos would be willing to and most of them are monarchists. Will they swallow their resentment? Many analysts think so. I don't think we will have military rule says a senior centrist politician. They would have to kill too many people. The army knows that Tiberal officers however think otherwise. One estimates that 20 a of his brother officers are actively belligerent at the prospect of the Socialists coming to power. They are furious he says but they are resigned to waiting ten

World

or twelve months. They feel they must wait for problems to pile up on the government, for the economy to go wrong perhaps, for terrorism to mount. Then they will stage a coup—except that that expression is never used. They say save the fatherland or crack the whip."

That strategy, ironically makes the golpistas allies of their bitterest enemics, the left-wing terrorists of FIA the Basque separatist organization ETA's stated goal is the establishment of an independent Basque state, but Basque separatism is a diminishing force, thanks to a regional autonomy statute passed by the Captes in 1979. The region now operates its own police force its own schools and its own regional parliament. As a result, sympathy for ETA is rapidly ebbing. Only last year, 15% of Spain's Basques said they supported FTA, this year the proportion has fallen.

cating the nationalization of food production, the abolition of private property and other ultraleftist views Convinced that a revolution was under way, alarmed citizens phoned police, who rushed to liberate the radio station. After a brief delay by the station's security guard the forces of law-and-order surrounded the culprits the tiny Marxist-Leninist Communist Party airing its views by prerecorded tape—perfectly legally—under the equal-time provisions of Spain's electoral law

The other scares have been real, and the main obstacle between them and success has been and remains the King Last week Juan Carlos, 44, reiterated his commitment to democracy in a Columbus Day speech at Cadiz 'When we speak of liberty," he said, we have in mind the liberty of the people and the liberty of individuals 'Quoting the Mexican writer Oc-

y supporthas fallen viduals. Quoting the Mexican writer Oclarge it was a Gonzalez. In 15 by insisting that ist from its placellion and his determinant through by residence. It was called back non-Marxist pasolute respect and for his conthe working clatocall myself at time. I think the cites him and the cites him

A workman pastes up a Socialist campaign poster in a Madrid subway station

The party's slogan reads For Change but the changes will be tranquil and moderate

to 8% Conversely only 23% of Basques opposed ETA last year while 42% speak out against the group today

A STATE OF THE STA

But if IIA has gone into partial eclipse, it remains an active threat. There were 127 political killings in Spain in 1980-43 in 1981 and 31 so far this year. The danger is not that the organization will foment a popular uprising but that it will provoke a military takeover. Many of the conspirators in the February 1981 coup attempt including Guardia Civil Lieut Colonel Antonio Tejero, who invaded the Cortes and held the Deputies at gunpoint for nearly 18 hours, said that they acted out of a desire to end ETA's killings of brother officers.

As it did in the tense days surrounding the failed takeover. Spain is currently living through a case of political jitters an affliction that can have comic consequences. Just last week Spaniards were listening to their national radio network, when they suddenly heard a voice advo-

tavio Paz Juan Carlos added "Although liberty and democracy are not the same word they are complementary without liberty, democracy is despotism, and without democracy, liberty is an illusion."

Those were welcome words to Felipe Gonzalez who stands so close to the levers of power after spending most of his adult life in the political underground The son of a dairy worker Gonzalez was born and raised in the Bellavista section of Seville, which in his childhood had neithei electricity nor running water. The second of four children (he has two sisters and a brother) he studied law at the University of Seville and joined PSOI s youth wing, the Young Socialists, in 1962 By the time he graduated in 1966 he was already a leading member of a group of young firebrands who would eventually wrest control of the party Spain's oldest, from its exiled leaders. Among the others were Alfonso Guerra now the party's second in command, and Guillermo Galeote.

Luis Yañez and Rafael Escuredo, all of whom play leading roles today

By 1972 the young lions had completed their takeover, and in 1974 González was named secretary-general. The party was still proscribed by the Franco regime however, and its young leader them 32 operated under the code name Isidoro. By the time Franco died a year later, the resurgent Socialist Party had outdistanced a number of potential rivals and emerged as the dominant left-of-center force in Spain. In the process Gonzalez had become one of the country's most popular political figures and the only one universally identified by his first name.

s the party entered the political mainstream, it progressively shed some of its more radical ideological baggage In fact that moderation was its ticket to mass popularity and, to a considerable degree it was an act of will by Felipe Gonzalez In 1979 he shocked the party by insisting that it drop the word Marxist from its platform. There was open rebellion and Gonzalez demonstrated his determination to see the issue through by resigning A few months later pro-Marxist forces gave way and he was called back to the head of a newly non-Marxist party. In spite of my absolute respect for the works of Marx and for his contribution to the fight for the working classes. I would find it haid to call myself a Marxist he said at the time 'I think that there are many worthy things in Marx What I don't believe is that he created dogma, that one cites him and that what one has cited is true just because Marx said it

It was an unquestioned tour de force and it placed Spain's Socialists in the main current of European socialism, somewhat to the right of the French and British parties within easy hailing distance of West Germany's Social Democrats More important it moved Gonzalez center stage in Spanish politics and made him the heir apparent after the decline of the UCD. He has handled the rolection extremely delicate one given his country's recent history—with skill Says one leading centrist politician. Gonzalez has achieved something very important—he has not aroused fear."

Not among the majority of the Spanish electorate, at any rate For the moment Gonzalez pursues his measured campaign and lives a protected private life with his wife Carmen and their three children in a small Madrid apartment Despite his immense popularity, he insists he is not a political animal 'Santia' go Carrillo said I am an amateur in politics,' he says "He probably meant it as an insult but I don't take it that way I am in politics because I enjoy it The day I stop enjoying it, it will be time to give up"

—By John Nielsen.

Reported by Jordan Bonfante and V. Jane Walker/Madrid

WEST GERMANY

A Modest Declaration

Kohl outlines his policies, and Genscher suffers a setback

The echo of Helmut Kohl's 90-minute address had hardly stilled in the halls of the Bundestag when a barrage of criti- cism erupted Social Democratic Deputy · Hoor Leader Horst Ehmke branded the new Chancellor's policy speech a hodgepodge of ideas without any concept. In Frankfurt Hans Mayr deputy chairman of the Metal Workers Union blasted the speech for its lack of understanding for the interests of working people. The policy outline sketched by the Chancellor last week by contrast received an enthusiastic reception in executive suites and among business-oriented conservatives

Kohl's 27-page statement, titled A Coalition of the Center for a Policy of Re-shewal met with divided reaction among West Germans I mphasizing that his government had inherited the most serious economic crisis since the beginning of the Federal Republic Kohl paraphrased John F Kennedy's 1961 Inaugural Address. The question of the future is not how much more the state can do for its citizens The question is how freedom dynamism and self-reliance can blossom anew

Mindful of his growing legion of critics on the left, the Chancellor vowed to preserve the welfare state by strengthening its economic underpinnings Throughout Kohl appeared intent on reassuring West Germans that the new govcriment composed of his own Christian Democratic Union (C.D.U.) its Bavarian ister party the Christian Social Union V(C S U) and an increasingly divided minority partner Foreign Minister Hans-Dietrich Genscher's Free Democratic

Party (FDP) - will lead our country out of the crisis

Kohl's plea for confidence in the new ruling coalition glossed over a painful reality earlier in the week voters in Bavaria the stronghold of CSU Teader Franz Josef Strauss, had delivered a stunning blow to Genscher and the Free Democrats by tossing the local F D P out of the state legislature. With only 35% of the vote (compared with 62'r in 1978) the FDP fell well short of the 5'c required by the West German constitution to ensure parliamentary representation (The I DP still has 53 of the 497 seats in the Bundestag) Genscher, whose leadership position within the LDP has come under heavy fire since the vote termed the setback in Bavaria a serious defeat

Even so, Kohl was determined to present a united front despite Genscher's growing vulnerability and to allay fears raised by controversial policy proposals voiced by some of his recently appointed Cabinet ministers. Though Kohl himself has advocated reducing the number of Germany's 46 million Gastar beiter or foreign guest workers, last week he said merely that future immigration of workers should be curtailed Similarly he signaled a measure of compromise to union leaders by failing to mention a proposal for a sixmonth Lohnpause or wage freeze, an idea put forth by Labor Minister Norbert Blum Kohl also attempted to alleviate suspicions that his government was not committed to holding elections next March as promised When he declared For the coalition, I can confirm that this



The new Chancellor at the Bundestag A plea that glossed over a painful reality

solution [March elections] is binding," even the Bundestag's SPD deputies joined their CDU-CSU colleagues across the aisle in sustained applause

The government's plan for economic renewal was disappointingly vague. Kohl promised to stimulate investment by removing regulatory burdens on bus ness and to spur the housing industry with a government assistance program of nearly \$1 billion To counter West Germany's troubling 75' unemployment rate which is expected to rise to almost 9% this winter, Kohl proposed a youth job-training program and incentives to small business in the form of reduced tax burdens Kohl seemed at pains to de-emphasize

The Bavarian Bull

N o prominent West German politician arouses such con-flicting passions as Franz Josef Strauss Gruff and jowly Strauss is Prime Minister of Bavaria as well as leader of the Munich-based Christian Social Union, the staunchly conservative sister party of Chancellor Helmut Kohl's centrist Christian Democratic Union Campaigning several weeks ago for his party in the Bavarian city of Nuremberg, Strauss

was greeted by youthful hoots, whistles and boos Said one mocking opposition banner FORWARD INTO THE 1950s' Not to be outdone, Strauss took aim at the newly powerless Social Democrats S P.D policies, he roared, would have brought "the Soviet cavalry into the Bundestag."

No mincer of words. Strauss has controlled Bavarian politics for three decades He has also exerted immense influence at the federal level through the 53 C.S U deputies in the Bundestag Weeks before Kohl was elected Chancellor as a result of a parliamentary vote of no confidence on Oct 1, the Christian Democratic leader flew to Munich to secure Strauss's backing for a new coalition with Hans-Dietrich Genscher's Free C.S.U. Leader Strauss

Democrats, who were about to bolt from their 13-year alliance with the SPD Though Strauss had long been openly contemptuous of Kohl's leadership, the Bavarian no doubt re called the lesson of 1980, when he maneuvered Kohl out of the way to be nominated as the CDU-CSU candidate for Chancellor-and proceeded to lead the alliance to its worst defeat in 30 years Strauss's support is a mixed blessing for Kohl Following

the collapse of the SPD-FD.P coalition, Strauss called for immediate national elections, knowing that the result could LORENZ BAADER mean extinction for the tiny, liberal FDP Kohl

demurred, if only to keep Strauss at arm's length On his home turf in Bavaria, Strauss did not hesitate to campaign against the weakened FDP, aware that a defeat for the Free Democrats in the state parliament would badly undermine Genscher's national role

Though Strauss has lately relented in his anti-Genscher campaign he has made it clear that the final demise of the FDP would not disappoint him Currently, the Bavarian is not a member of Kohl's Cabinet In a Kohl government without Genscher, the way would be open for Strauss to claim the posts of Deputy Chancellor and Foreign Minister, a prospect Kohl surely finds uninviting



15 **TOBER 25 1982**

SWEDEN

anticipated cuts in the country's vast welfare system Among those mentioned are a delayed increase in pensions, limitations on medical subsidies and beefed-up individual contributions to unemployment insurance in sum Kohl said, the government plans to lop \$2.2 billion off an expected 1983 deficit of \$23.8 billion

Kohl reaffirmed West German continuity and stability in foreign affairs calling the Atlantic Alliance the stronghold of our policy of searching for peace and declaring his unconditional support for the planned NATO deployment of Pershing II and cruise missiles in West Germany next year. In sharp contrast to his predecessor Helmut Schmidt whose reaction to the strife in Poland was decidedly cautious. Kohl pointedly called for an end to martial law and deplored the banning of the trade union Solidarity Without mentioning bitter allied disagreement over the Soviet pipeline. Kohl stressed the need for 'the improvement of relations with the U.S. But the Chancellor almost immediately distanced himself from Washington by supporting the upcoming review of the Helsinki accords in Madrid next month and expressing a desire for eased Last-West relations Said Kohl Walls barbed wire and the order to shoot cannot be the last word between East and West Humanity and reason refuse to accept this

Throughout Kohl's Bundestag speech the usually ebullient Genscher showed the strains he has undergone since he engineered die Wende the turn away from Schmidt and the SPD in September Looking tired and drawn Genschet had good reason to be anxious The election results in Bayaria showed virtually undiminished strength for the Social Democrats (31.9% compared with 31.4% in 1978) and a surge for the local Greens (46' e from 18' e four years ago) It was a disaster for Genscher and the FDP Bayaria became the third state after Hesse and Hamburg in which the FDP was effectively dissolved at the polls by failing to reach the 5% threshold As predicted the clear winner was Genscher's archival Franz Josef Strauss (see box)

By week's end what had begun as a minority rebellion within the FDP against Genscher's leadership had grown into a broader conviction that Genschei has become a political liability. The moderate Baden-Wurttemberg branch of the party publicly called on him to step down as leader at the FDP congress on Nov 5 In North Rhine-Westphalia some 1 000 F D P members have abandoned the party in the past month. The newsmagazine Der Spiegel last week published a poll showing Genscher trailing even Strauss in popularity among West Germans For now Genscher insists that the FDP must close ranks behind him if it is to suivive That may be an increasingly difficult position to maintain during the coming - By Russ Hoyle Reported by Roland weeks Flamini and Gary Lee/Bonn

Sub Zero?

Doubts about a silent visitor

t began to sound suspiciously like one of those fisherman's tales about the big one that got away. For the past two weeks Swedish naval vessels and helicopters have been crisscrossing Hars Bay, about 30 miles south of Stockholm, in search of an elusive foreign submarine thought to have infiltrated Swedish waters around Musk Island the country's most important naval base. It was just a matter of time, thought the Swedes, before the intruder was snared

Alas there was still no sight of the mystery sub-last week, and the suspicion grew that the vessel most likely from a Warsaw Pact nation probably the Soviet Union was no longer in Hais Bay Admitted Lennart Ljung, chief of the Swedish armed forces "I believe there is very little chance that it is still there

What had happened? The first, and most likely hypothesis is that the subma-, rine escaped the Swedish trap A second scenario holds that the submarine is lying, at the bottom of Hårs Bay disabled perhaps with its crew dead either because it ran out of air or was hit by a Swedish mine The third possibility a second foieign sub in the area helped its trespassing comrade to slip away

If the sub escaped what went wrong? Vice Admiral Per Rudberg the navy commander pointed out that the bay with its jagged floor and deep waters of varying temperatures is difficult to survey with sonar equipment. The admiral suggested that if the sub-did flee it lay motionless during the early part of the search, then sneaked off But the hunt Swedish authorities vowed will go on for the moment-at least until Stockholm confirms that the big one indeed got away



Demonstrator wielding a bicycle wheel attacks policemen during riots in Amsterdam

The Battle of "Lucky Luyk"

The two-day clash between youthful demonstrators and riot-equipped police was the worst Amsterdam had experienced in more than a decade of seemingly endless urban unrest. It began when police storined a house on Jan Luyken Street near the Rijksmuseum and forcibly evicted five illegal occupants. In a flash the squatters, who had dubbed the stately four-story villa "Lucky Luyk, were joined by some 1,000 sympathizers. The rampaging crowd hurled bricks and lumps of concrete through windows of banks and shops, built barricades of burning auto tires and set fire to a trailer filled with diesel oil. The burning oil in turn destroyed a nearby streetcar. As the disturbances spread to Rotterdam and Nijmegen, Amsterdam Mayor Wim Polak declared a state of emergency, empowering police to arrest even suspected demonstrators. The toll in Amsterdam alone 172 arrested, 48 injured, including 28 police, and an estimated \$1.5 million in property damage

This week's violence was the 13th major outbreak of rioting in the past two years in Amsterdam where until now a tolerant official attitude and a severe housing shortage encouraged squatters. On the second day of rioting, Prime Minister Andries van Agt resigned unexpectedly after eleven years in the government saying he was too tired to form a new coalition in the wake of September's elections The move was apparently unrelated to the violence Said Van Agt "I have used up much of my vitality, too much, I find, to start afresh " Meanwhile, Amsterdam's squatters vowed to get Lucky Luyk back '

NATO

General Rogers' Lonely Crusade

Looking to lower the nuclear threshold in Europe

General Bernard Rogers, 61 the Supreme Allied Commander for Europe is becoming a familiar figure to many West Europeans He appears often on television these days, gray hair neatly groomed calm in demeanor almost professorial as he carefully answers questions He speaks to business groups and think tanks to civic organizations and military forums always in uniform always carrying an urgent message. I want the same thing that the peace movements here want 'he says I would tike to lessen our reliance on nuclear weapons for defense what the only way we can do that is to create a stronger conventional defense. That will require some sacrifice, but it's the only way to have peace with freedom

In Rogers' estimation this is the crucial decade in East-West relations. He sees the military gap between the Warsaw Pact and NATO growing steadily in the East's favor and he suggests that something be done before the situation becomes unmanageable before we feel political and economic pressure coercion and blackmail from the East that we will be unable to resist.

Conventional defense costs money however and Western Europe is in no mood to devote additional funds to the military. The economic outlook for the European NATO allies is the gloomiest ysince World War II. Moreover many NATO governments are made up of coalitions that shy away from unpopular decisions like increasing defense expenditures. Rogers wants NATO to bolster defense budgets by a real 4' e each year for the next six years.

Awate of the financial predicament the general is trying to reach out beyond governments and build support among the public a kind of personal struggle for the hearts and minds of West Luropeans by a man who served in Viet Nam When I talk to people 'he says, I can only hope that there is one opinion maker in the audience who will say 'Yes, I'll try to do something about it. If I accomplish that, I m satished '

West Europeans are hardly receptive Some feel more threatened these days by the US nuclear guarantee than by Soviet nuclear weapons aimed in their direction The fear of nuclear war has seeped deeply into their consciousness and has been reinforced by occasional assertions by members of the Reagan Administration that a limited nuclear conflict in Europe is feasible European apprehension can be seen in the fervent antinuclear demonstrations of the past year, in the formation of peace movements throughout NATO countries, in the continued crusade against the planned deployment of 572 US nuclear-tipped cruise and Pershing

Il missiles A new credo has emerged put most starkly by former West German Chancellor Willy Brandt who says. The most basic human freedom is the freedom from nuclear war.

Rogers and his colleagues at NATO have difficulty coping with this virulent form of nuclear angst. Since the days of the Kennedy Administration, the key stone of NATO's detense policy has been 'flexible response—the notion—deterring to Moscow, it is hoped—that NATO might be the first to use tactical nuclear weapons in the event of a Soviet attack. Western Europe was comfortable with this strategy as long as the U.S. had a clear superior-



NATO Commander Rogers making speech
A personal struggle for hearts and minds

ity in strategic nuclear weapons since that lead diminished the likelihood of a Soviet military threat to Western I urope

That changed in the late 70s as the Soviets reached toward strategic nuclear parity with the US and in Europe at least, built a clear superiority in conventional forces The unthinkable Europe as a nuclear battlefield -suddenly became a possibility, however remote With that flexible response took on the proportions of a nuclear nightmare and public attention turned to the number and nature of US nuclear weapons based in Europe With some 6000 nuclear warheads in place, the NATO Central European front is the most densely stocked nuclear depot on earth Moreover half of these washeads mounted on short-range missiles and artillery have a reach of no more than 20 miles These nukes are largely deployed in forward areas the bulk near the West German-East German border, so that a nuclear blast would not necessarily affect NATO territory. Yet in those positions they are highly vulnerable and liable to be overrun in the early hours of an attack. In that event, some critics fear, a NATO field commander may make a 'tactical decision to fire off his nuclear weapon rather than allow it to be captured, thereby possibly triggering a full nuclear exchange in Furope. If the short-range weapons are withdrawn from the forward areas on the other hand, they could create another potential nightmare—whether to stop a conventional Soviet attack by unleashing a nuclear shower on NATO territory.

The evocation of such scenarios by the peace movement has put NATO on the defensive and caused a reappraisal of alliance strategy. We have never advocated first use says an analyst in Brussels. We have only said that we don't entirely rule it out. Besides the use of a nuclear weapon requires White House approval. There are no tactical decisions as far as nuclear weapons are concerned.

N evertheless the public clamor has concentrated NATO's collective mind on alternatives to flexible response. Although Rogers makes a point of reaffirming that strategy he puts new stress on holding the lead Warsaw Pact divisions long enough to target and destroy by conventional means its follow-on forces. If we can hold the Russians in this manner they would have to make the decision to use nuclear weapons first or pull back. I don't think they would go the nuclear option Rogers is also talking guardedly about reducing the number of short-range nuclear warheads in Western Lurope, provided NATO bolsters its conventional defense. His accent is on lowering the nuclear threshold reducing the threat of

'first use ' or any use at all

So far Rogers' public-opinion crusade has been remarkably lonely Politicians just don't want to touch the subject of nuclear weapons, says a Brussels based diplomat. There is a collective wish that the subject will go away. That is unlikely The major test for Western Lurope will come in late 1983 when NATO is scheduled to start deploying the cruises and the Pershing IIs The new West German government will probably face demonstrations against deployment, and there is still no certainty whether the governments of Belgium and The Netherlands will agree to have these weapons on their soil. There is some talk about a quick fix technological breakthrough by the US in guided missiles with conventional warheads that have pinpoint accuracy. This, it is suggested could restore the Fast-West military balance and allow Western Europe to go about business as usual but such a quick fix is not taken seriously by the military Warns Rogers If the Soviets are patient enough and we continue on the present trend they will achieve their goal of dominating Western Lurope economically and politically without firing a shot " -- By William Rademaekers/Brussels

World

MIDDLE FAST

Struggle for a Compromise

Hussein urges Arafat to ease his stand on the Palestinian issue

t was a meeting of historic dimensions, not so much for what it accomplished as for what it set in motion. On one side was Jordan's King Hussein head of the ancient Hashemite dynasty and ruler of a country whose population is about 65' Palestinian On the other was Yasser Arafat, leader of the Palestine Liberation Organization who had just been driven out of Lebanon along with thousands of his guertillas after a ten-week Istaelt siege of their West Beirut stronghold Bitterness and mutual suspicion had often divided the two men since Hussein's violent expulsion of PLO But a dramatic new set of cir-

cumstances brought them together in Amman last week for four days of private talks and lavish banquets that Arafat described as a significant and destinyshaping event

The main subject of their discussions was Biesident Ronald Reagan's plan to establish Palestinian self-government in the West Bank and the Craza Strip that would be associated with Jordan in exchange for Arab recognition of Israel's right to exist. Arafat said that the plan had some positive elements' although he criticized its rejection of full Palestinian statehood. Still there was some reason for encouragement in Arafat's seeming openness to consider the idea. Reading between the lines said an Administration official. I think there is a realization on Arafat's part that the Reagan initiative is the only practical way to go for the foreseeable future. Describing the PLO leader's apparent shift from military biavado to pragmatic diplomacy a Middle Last expert in Animan remarked. It is time to fish or cut bait. The hour has arrived when Arafat must become a political leader and not just a guerrilla leader."

According to sources close to the talks that is precisely what Hussein told Arafat last week. The King reportedly repeated his support of a Palestinian-Jordanian federation an idea that the PLO has rejected in the past. Hussein warned Arafat that the Palestinians might be forced to accept something like confederation despite their desire for a separate nation. Arafat was told by Hussein and West Bank leaders that he had little time to lose the Israeli settlement program in the West Bank was in effect annexing the area.

Hussein also sought some comptomises from the PLO on the question of recognizing Israel's existence and asked



guerrillas from Jordan in 1970 The P.L.O. leader and the Jordanian King as their talks begin in Amman

for a clear-cut mandate to speak for the PLO in future negotiations with the US Arafat and a dozen other top PLO leaders assembled in Amman were reluctant to make any firm commitments on the major issues. The PLO's executive committee must endorse any major changes in policy. Moreover Arafat may seek a man-

Losing Favor

As the Begin government and US officials discuss possible peace moves for the Middle East, the American public feels that the Israelis should accept President Reagan's comprehensive proposal of last month, even if it means giving up land occupied by Israel since the 1967 war Some 64% believe that Israel should accept the plan, while only 23% feel that it should not, according to a Yankelovich. Skelly & White, Inc., public opinion survey conducted for TIME between Oct 5 and 7

Both Israel and Prime Minister Menachem Begin have lost considerable support among Americans Fortyeight percent said they were less sympathetic toward Begin than a year ago. 13% felt more sympathy, 35% reported no change Thirty percent felt that the Begin government had to take the major responsibility for the refugee massacre, 28% blamed Israeli Defense Minister Ariel Sharon, while 39% blamed the Christian Phalangists, and 21% blamed the PLO In December 1981, the poll found that 58% considered Israel to be a trustworthy US ally That figure has dropped to 44%

date from the Palestine National Council, the Palestinian parliament-in-exile But Arafat authorized Hussein to communicate in Washington the PLO's interest in at least pursuing the Reagan initiative

That put the burden on Washington to persuade Israel to be less obdurate about holding on to the West Bank

The Amman meeting inevitably raised some fears within the Arab world. The Syrians, hostile to Jordan and fearful of losing their role as a champion of the Palestinians wasted no time in condemning the talks. The Syrian news agency reported that five of the 15 groups constituting the PLO had blasted the Jordanian federation idea as a product of the p

American schemes' and reactionary Arab regimes. Three of those groups disavowed that statement however, and Arafat's leadership did not appear to be seriously thisatened. Arab moderates

like Saudi Arabia and Morocco moreover were quietly encouraging the Jordanjan-Palestinian relationship

Two days after the Arafat-Hussein talks ended another conciliatory meeting took glace in Washington between Israeli Foreign Minister Yitzhak Shamii Secretary of State George Shultz and Vice Rresident George Bush US officials reported that the Israelis attitude was much more constructive and flexible than in previous sessions. Shamii stressed the importance 🗽 of getting the autonomy talks back on track although he made no concessions that would pave the way toward an early agreement on that issue. In a clear-cut signal of support for Jerusalem Shultz warned that the US would withdraw from the UN General Assembly if that body voted for an Arab-backed move to exclude Israel

On Lebanon Shamir insisted that the 5 000 to 6 000 Palestinian guerrillas still in northern Lebanon and the Bekaa Valley should leave before any Israeli withdrawal began But he did not totally reject the idea that the PLO might depart at the same time as a mutual Syrian-Israeli withdrawal Among the security arrangements Shamir did insist on was establishment of a 40-km security zone north of the Israeli border as a buffer against future PLO incursions

Washington has no objection to such a zone but policing it may cause problems Israel will probably not accept the redeployment of U N forces there and Lebanese President Amin Gemayel who visits! Washington this week, is reluctant to endoise the joint Lebanese-Israeli force favored by Jerusalem The only solution may be a multinational force with US participation a prospect that neither the Pentagon nor the American public is likely to relish —By Thomas A. Sancton. Reported by William Stewart and Roberto Suro/Amman

Stay Just on the Horizon, Please

Worried Arab rulers want U.S. help, but not if it is too obvious

he area surrounding the Persian Gulf is vital to the industrialized democracies of the world More than 20% of the US's oil imports 56% of Western Europe's and $68^{\circ}c$ of Japan's come from the gulf That lifeline is acutely vulnerable to the disruptions of war. revolution and political turmoil The region has been beset by all three The conservative Arab states -- Kuwait Saudi Arabia Qatar, Bahrain, the United Arab Emirates and Oman--face threats to their security at every point of the compass a simmering, potentially explosive war between Iran and Iraq, armored Soviet divisions in Afghanistan, Soviet proxy forces in South Yemen and the growing militancy of Islamic fundamentalists everywhere

The gulf states know that only the US has the power to deter major acts of aggression But the US is also the chief backer of Israel and as such it is the object of as much resentment as reliance The gulf rulers are afraid that Israeli Prime Minister Menachem Begin's determination to annex the West Bank is at least as likely to plunge the region into chaos as are the combined threats of Arab radicalism Islamic fundamentalism and Soviet adventurism. In that respect, they see the U.S. as part of their problem rather than part of the solution. Therefore the dilemma even the most pro-Western leaders in the region have been reluctant to cooperate closely and openly with American policies that are intended to bolster their own security

To help defend the gulf the US has organized the Rapid Deployment Joint Task Force (R D F) Established in 1980 after the Iranian revolution and the Soviet invasion of Afghanistan the R D F draws on units from the Army Air Force Navy and Marines Its mandate is to ensure the unimpeded flow of oil and to deter aggression from outside [Southwest Asia and the gulf] and to assist nations in the region in resisting aggression. The R D F has headquarters at MacDill Air Force Base in Tampa and until now

has inhabited a kind of bureaucratic limbo falling between the European and Pacific commands of the US military But as of Jan 1 the organization will have a separate unified command

That is fine with the nations it is supposed to protect as long as the R D F remains out of sight, but not out of mind When the US tries to mount training exercises in the area it encounters political and diplomatic obstacles almost as daunting as the logisti-



In the service of Oman, a British officer, left, and Baluchi troops peer into South Yemen

Worried about Soviet divisions subversion and the threat of Islamic fundamentalism

cal challenge of airlifting haltway around the world the Seventh Marine Amphibious Brigade which is stationed at Twenty-nine Palms Calif

Part of the problem is that the US seems incapable of conducting military maneuvers quietly without jarring the sensitivities of the moderate Arabs and setting off backlashes. Last year's Operation Bright Star rushed 4 500 R D F personnel to Egypt with great fanfare and the highly publicized spectacle of B-52s bombing targets in the descrit. This year when the Pentagon began planning a new war game code-named Jade Tiger, Washington discovered that Cairo was reluctant to play. In addition to resenting last year's headlines the Egyptians were miffed because in their view the U.S. had failed to use its influence with the Israelis to advance the West Bank autonomy talks. That was of course before President Reagan's initiative of Sept 1, which was well received in the Arab world and there is now some chance that the Egyptians may join in the maneuvers after all

Another participant in the Bright Star exercise of last year the Sultanate of Oman said it would take part once again and on a larger scale than last year but with a condition no publicity. Then the story leaked in the Washington *Post* that an elaborate exercise would take place in Oman this month. The Omanis were furious, and the Pentagon was mortified, fearing that the Sultan of Oman, Qaboos bin Said would pull out.

aboos decided not to stop the maneuvers, but ever since there has been a tight lid of secrecy on the operation and Saudi Arabia has persuaded the Omanis to put off the exercise until later in the year partly in order to give the dust of the Lebanon crisis more time to settle

A buffer between the Indian Ocean and Saudi Arabia, Oman (pop. 948 000) is on a permanent state of alert against its neighbor to the southwest, the People's

Democratic Republic of Yemen or South Yemen which has the only Marxist regime in the Arab world Until early 1976 South Yenien fueled a rebellion inside the Dhofar province of Oman, and South Yemen still keeps nine infantry and three artillery battalions plus 60 Soviet-made tanks just across the Oman porder as well as 160 more tanks in the rear The Soviets are expanding an airbase at Al Chaida a town just down the coast from Oman The runways there will



most as daunting as the logisti- Runway at Khasab in Oman that has been improved by the U.S.

World

soon be able to handle the South Yemeni air foice's MiG-21s, which Omani officials say are piloted by Cubans, East Germans and North Koreans Oman's own armed forces include officers from Britain and Baluchi tribesmen from Pakistan on contract to the Sultan

Omani and Western planners fear that South Yemen with additional Eastbloc backing, might be able to launch a tank attack against the principal Omani airbase at Thamarit in the desert plain north of Salalah, the capital of the Dhofar An armored column would need only five hours to reach Thamarit That threat is one of the many contingencies that the US RDF is meant to deter and to thwart if it ever arises. Therefore the Jade Tiger maneuvers will probably have the US Air Force landing large transports at Thamarit, which has one of the longest runways in the world and US Navy fighters from aircraft carriers in the Indian Ocean may practice missions in support of the Omani air forces Hawker Hunter and Jaguar fighter-bombers based at Thamarit But this time with zero news coverage

Another key point on the map for both the Omanis and the US is Masirah Island just off the central coast of Oman It is 40 miles long, mostly barren rock a haven for loggerhead sea turtles that come there to lay their eggs and for 200 species of birds but inhospitable to man except for a few small fishing villages a relay station for the British Broadcasting Corp and an Omani airbase Masirah currently serves as an air-force training facility and a rather sleepy one at that Although a Soviet Ilyushin Il-18 reconnaissance plane occasionally lumbers up from South Yemen to look around the most persistent headache for those who guard the base is keeping camels from wading around the fences at low tide and grazing at the end of the runway

asirah is undergoing important changes, however In exchange for access to the facility in a crisis the US is spending nearly \$170 million over four years to expand and improve the base AUS Army Corps of Engineers team is supervising the extension of the main runway and the construction of metal tanks and concrete igloos for the storage of fuel water and ammunition. In the event of a conflict. American transports fighters and bombers would be able to use Masirah as a staging area provided the Sultan gave his permission. The U.S. has already used the base as a jumping-off point on one important though unhappy occasion the ill-fated attempt to rescue the hostages from Tehran in 1980

At the northern tip of Oman on the mountainous desolate Musandam peninsula the US has spent \$36 million to extend and surface the dirt runway at Khasab, a base that supports a naval station at Goat Island used by Omani patrol boats to police the Strait of Hormuz

at the mouth of the gulf Iran is only 60 miles away

In addition to obtaining access agreements for the use of facilities in an emergency, the US is looking for a permanent in-region onshore forward headquarters for the R D F The leading candidate for what would be a dubious honor in the Arab world is Bahrain, the island emirate off the coast of Saudi Arabia The US Navy's Middle East Force, a small flotilla that patrols the gulf, already calls regularly at Bahrain and maintains an Administrative Support Unit on a ten-acie compound leased from the local government The Americans try to be as inconspicuous as possible. They wear civilian clothes on most occasions, and the



sailors must stay on their ships most of the time

Some Pentagon planners argue that Bahrain should become the home away from home for the entire Rapid Deployment Force But the State Department out of deterence to delicate regional polities would prefer a more low-key less formal less visible arrangement along the lines of the one that already exists. The Saudis too are uneasy about the idea of an RDF command post near by and they have told the Bahrainis so in no uncertain terms. Said one key Saudi official We want the US to stay perhaps not quite over the horizon but on the horizon--where we can just see it-but not onshore

In an interview with TIMI, the Prime Minister of Bahram Sheik Khalifa bin Sulman al Khalifa said I m all for maneuvers (such as those scheduled for Oman later this year) and I welcome full cooperation with the US in the security of our area, but only on the condition that it is handled and presented properly. Translated that means 'Stay out of sight

Bahrain's rulers are readier today to take the political risks of opening their country to a more substantial American military presence because they are more worried than they were a year ago about their security. They are still recovering from the shock of an abortive coup d état last December. It was staged by dissident Shi ites members of a Muslim sect that dominates Iran and constitutes a majority in Bahrain. The nation is an obvious target for Iranian attempts to export the Ayatullah Khomeini s Islamic revolution One of the masterminds of the December incident as it is called in Bahrain was Hadi Modaresi a mullah who had lived in Bahrain during the rule of the Shah and fomented trouble among the Shrites there After the fall of the Shah, Modaresi returned to Iran and he has been among the principal organizers of the Islamic Front for the Liberation of Bahrain Pro-Western Arab intelligence organizations believe that Modaresi is also head of a socalled Gulf Affairs Section of the Iranian Revolutionary Guards and that he has had connections with the Soviet KGB

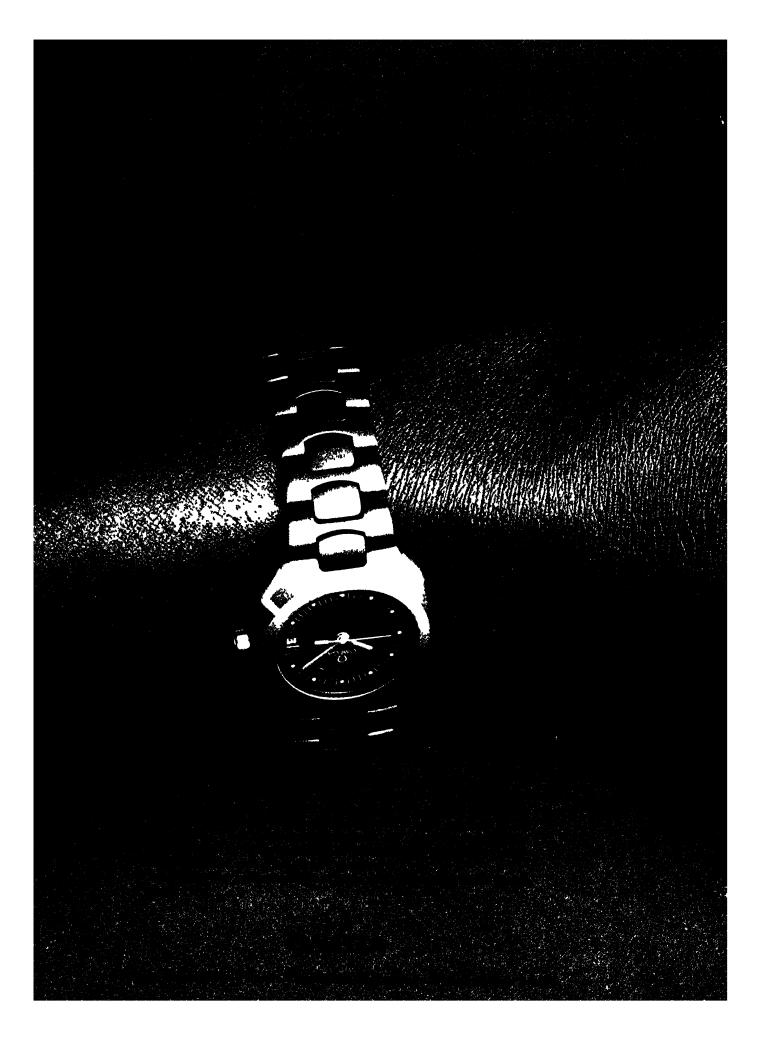
or the past several weeks the Aya tullah has been trying to stir up resentment against the government of Saudi Arabia by including fundamentalist. Shi ite zealots among the Muslims making the annual pilgrimage to Mecca Speaking for many gulf Arabs. Bahrains Prime Minister Khalifa says. The continual upheaval in Iran is a great danger But subversion is the greatest threat of all I have no doubt that the U.S. appreciates the scope of this threat.

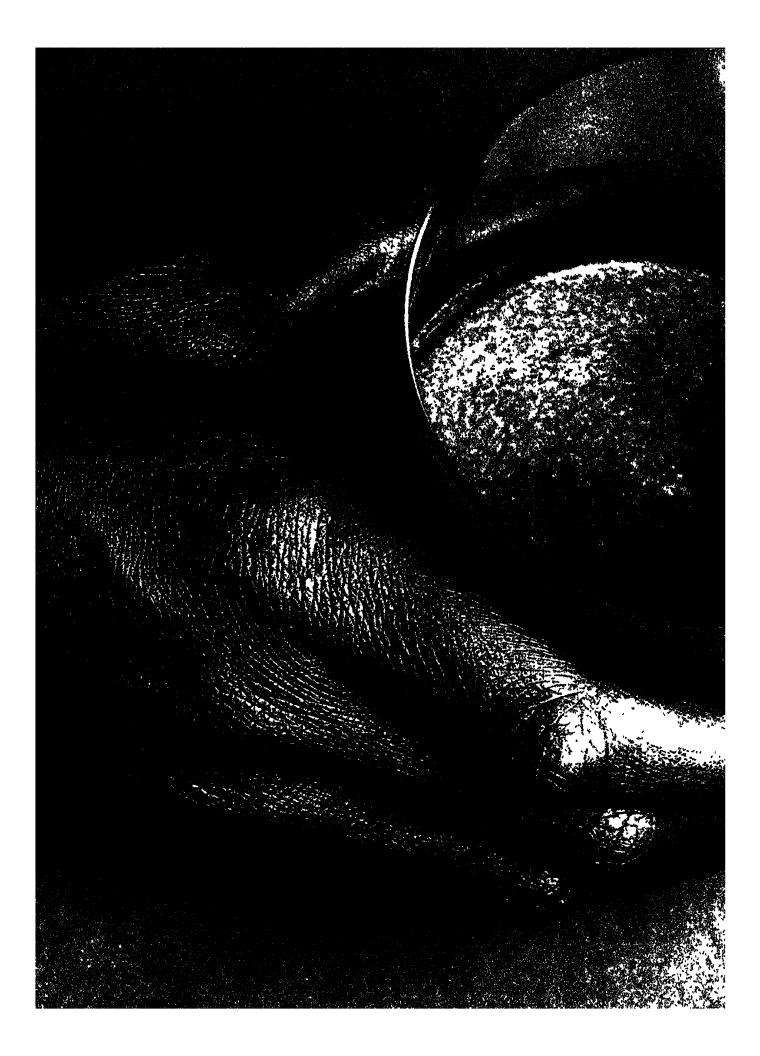
Irue enough But American military and political experts are less sure about what the US could actually do to help a friendly regime like Bahrain's against internal turmoil even if it were instigated from outside. For two years after the Rapid Deployment Force was created the official Arabic translation of the name could have been understood to mean rapid intervention force. That is exactly the connotation Washington wants to avoid and the Arabic phrase was changed so that there would be no such misunderstanding.

We are not an interventionist force insists R D F Commander Lieut General Robert kingston But in fact the R D F does have plans for various contingencies ranging from mere intelligence sharing to armed assistance if a beleaguered government in the gulf were to call upon the US to provide it. The trouble is US analysts are hard pressed to imagine a moderate Arab state subjecting itself to—and surviving—the humiliation of having to call the Marines to its rescue. Therefore, says William Quandt, a leading American expert on the Middle East now at the Brookings Institution in

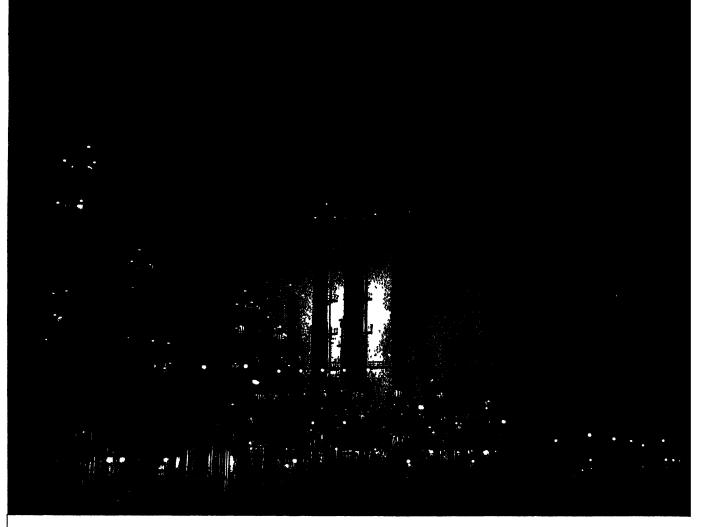


Fly from London to New York in tagget four hours – from London to New Yo





This is another image of the nation that is the world's largest exporter of coffee.



Brazil is noted for being the world's largest catter exporter But the Brazilian economy doesn't grow and thrive on coffee exports alone Last year, more than half of Brazil's 23 billion U.S. dollars in exports consisted of industrial products and sophisticated services Compare this with 1970 when exports totaled a mere 2.748 billion U.S. dollars Today, thanks to this nation's development of economical. efficient hydroelectric power with a potential estimated at 213,000 MW - Brazil ranks as one of the ten most heavily industrialized nations in the West Between 1970 and 1980, agricultural production increased 66.7% And now, Brazil is close to becoming the second largest food exporter in the world In addition, Brazil also exports planes, ships, shoes, canned sweets, textiles, divers technology—and many other products and services to key markets spanning the globe In recent years, the average vearly increase in Brazil's Gross National Product has been one of the highest in the world And. per capita income in 1981 was in the area of 1,990 U.S. dollars Brazil has a national territory of 8 1, 2 million square kilometers and a population of 120 million half under 20 years of age Gross sayings are equal to 25% of the GNP

And, to keep pace with all this development, Brazil has a great bank with 70 agencies abroad and 2,000 branches within

the nation's borders. That bank is Banco do Brasil.
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Washington, "the gulf states are looking for sources of help that are closer to home and less problematic than excessive reliance on the US"

One incipient but promising source is the Gulf Cooperation Council (G C C) a kind of common market joining six countries Saudi Arabia, Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates The gulf states had long contemplated the creation of a loose federation but they were deterred by Iraq which actively discouraged the idea Iraqi President Saddam Hussein had aspirations to become the regional superpower especially after the fall of the Shah of Iran Saddam wanted to keep his neighbors to the south as divided as possible the better to dominate them But the Iran-Iraq war changed all that As Iraq found itself first bogged down inside Iran then holding off an Iranian counteroffensive, Saddam lost his power to intimidate the gulf Arabs Moreover he has needed their political and financial assistance. The gulf states have been pumping about \$1 billion a month into Iraq more than half of it coming from Saudi Arabia. The underwriting of Iraq is the largest transfer of aid among Arabs that has ever taken place With Saddam suddenly beholden to them the gulf states have moved ahead in the formation of the G C C

puired by the coup attempt in Bahiain in December the GCC spolice and intelligence organizations have worked much more closely together. The member states are also drafting a collective security agreement and considering the creation of their own rapid deployment force. Their defense ministers are holding a meeting to discuss the plan later this month, and the heads of state will gather early in November. Yet another reason the Saudis urged the Omanis to postpone Jade Tiger was to give the GCC a chance to hold its meetings first.

This kind of regional cooperation is the gulf Arabs first and probably best, line of defense, and it makes the US RDF all the more an instrument of last resort. With that in mind the Administration is seeking congressional permission to sell Bahrain six sophisticated I-5 jet fighters for its fledgling air force.

Arab and American officials alike can imagine those planes being used not just to defend Bahrain but perhaps chipping in to help the United Arab Emirates or one of the other gulf states. Or better yet their very presence as part of the gulf's collective security forces may contribute to deterring any hostile power in the area from starting anything Deterrence, in short begins at home. The more America's friends in the gulf can do to help themselves and each other, the less likely it is that General Kingston's Matines will ever have to hit the beaches there for any reason other than practicing their skills in dry runs like Jade -By Strobe Talbott/Gulf States Tiger

A Distant Friend in Need

Sultan Qaboos bin Said of Oman is the most forthright, and therefore often the loneliest, of America's friends on the Arabian peninsula. He is also the most optimistic, as TIME Diplomatic Correspondent Strobe Talbott found during an interview with the 41-year-old monarch.

Qaboos (pronounced Ca-boose) has been the only leader in the region to support openly the late Egyptian President Anwai Sadat's separate peace with Israel and to endorse the Camp David agreements. Like Ronald Reagan, Qaboos feels that the most realistic possibility for a Middle East settlement is some form of Jordanian-Palestinian confederation once Israel has returned most of the West Bank to Jordan

Other Arab leaders charge, and many Western experts are worried, that the Israeli expulsion of the Palestine Liberation Organization from Beirut has been a net setback to American interests and influence in the area, since the US is widely, if simplistically, seen in the Arab world as an accomplice in the Israeli invasion Qaboos disagrees "People have now discovered that the West, and the US in particular, could actually do something to bring the situation to an end They've discovered that the Soviets, with all their might, would not do much except sell

arms to them. So the U.S. and the West have come to be seen more clearly as the only force willing and able to influence the outcome of the crisis for the better.

'However," Qaboos cautions, "there has been an increase in expectations about what more the US can do People now want to see the problem solved once and for all "

Oaboos feels that his own standing in the Arab world may be somewhat strengthened in the aftermath of the Lebanon crisis, if the US can eventually persuade Israel to compromise He says "Some of those who used to talk about so-called Arab solidarity were completely against anyone who supported Egypt and who remained friends with the US Now that kind of talk has been dissolved, except perhaps in the imagination of the Libyans People who hoped that the more radical Arab states would fight Israel and stand behind the Palestinians discrediting the moderate Aiabs, have seen their hopes come to



Sultan Qaboos bin Said of Oman

nothing. Now the moderates are in a stronger position than the hard-line is. I think many rather envy us for pulling through and for sticking to our position.

Qaboos made clear that he intends to stick to another position that has aroused criticism and controversy a willingness to cooperate with the US on military measures. But he warns Washington to proceed cautiously 'Permanent [American] bases in an area as sensitive as this would be counterproductive, 'he says, 'and exercises should not have the appearance of an invasion '

Since there is nothing discreet or temporary about the Soviet military presence in the region, why must the US keep such a low profile? Because Qaboos says, 'there is a basic difference between us and those countries where the Soviets have permanent bases. In some places, the Soviets are there by means of occupation. In others, the regimes give their people no say. By contrast, we have our own system that, like your system of democracy, does not let us do things that people would not want us to do. I am not saying there should be complete secrecy. That would be wrong too." Qaboos feels that a government should be open with its people to avoid causing resentment.

Many officials in the gulf, and back in Washington too, are concerned about the possibility of an indigenous upheaval by Khomeini-style Islamic fanatics. On that point, Qaboos seems more confident than many of his fellow Arabs and his allies in the Reagan Administration. "I undamentalism in and of itself is not a political threat," he says "It becomes a threat if it is used as a cover by others-Communists or whomever—to get into people's minds." The Sultan of Oman is determined to defend his country against that possibility

TIME, OCTOBER 25 1982 25

Back to the Barracks

Old soldiers fade away as civilian governments return

t was raining steadily in La Paz early last week Still since dawn, thousands of people had packed into the Plaza Murillo in front of the National Congress and the presidential palace wrapped in traditional gaily striped ponchos and holding banners. As local politicians walked between rows of uniformed soldiers the crowd applauded As senior army officers and the US ambassador arrived there were boos Finally, after the long ceremony the crowd's wait was rewarded. Bolivia's old and new Presidents appeared side by side Both acknowledged the cheers but the enthusiasm was clearly not directed at the outgoing President General Guido Vildoso Calderon Rather it was reserved for Hernan Siles Zuazo 69 Bolivia's second civilian leader to take office in 18 years of almost uninterrupted, often harsh and nearly always corrupt military rule

Humbled by an out-of-control economy protest strikes and international condemnation of their quasi-official participation in the cocaine trade Bolivia's generals were marching back to the bairacks. In fact, across Latin America, in a sharp swing away from the military domination of the continent in the 1970s democracy is once again in vogue

O ver the past two years Peru and Ecuador have already replaced uniformed leaders with civilian regimes. At the same time, Aigentina's General Reynaldo Bignone has set a target of late 1983 for free elections In November Brazil's military government under General João Baptista Figueiredo will allow the first free elections in two decades and has promised a teturn to full democracy by 1986. In Uruguay where the military took over nine

years ago open national elections have been promised by November 1984 Said Perus civilian President Fernando Belaunde Terry Times are good for democracy

Not all the continent's generals are so accommodating Chile's President General Augusto Pinochet Ugarte insists he will remain in power until at least 1990 Paraguay's President General Alfredo Stroessner shows no Brazil's Figueiredo i signs of loosening his tight

grip on his nation. In fact, in countries where the generals either have gone or are intending to go they do not always seem to have a choice. Perus switch was inspired by a nationwide wave of strikes brought on by a sick economy and harsh austerity measures. Argentina's military regime has been weakened by its humiliating rout in the Falklands and a 350% annual inflation rate the world's highest Brazil's government has been hard hit by recession, vast international debts and the faltering of sometimes grandiose development projects

Bolivia is hardly an exception. In La Paz last week, where the generals surrendered power peacefully their decision to quit was prompted by the fact that they

were losing the ability to govern even by out-and-out force After snatching power and holding on to it under one uniformed figurehead or another almost continuously since 1964 the military simply gave up Bolivia with an annual per capita income of only \$550 the second lowest in the hemisphere after Haiti is an economic mess. The output of wheat and cotton is running below the levels of Argentina's Bignone



tary is still closely involved, with highranking officers, in cahoots with civilians, arranging transportation for the valuable drug shipments and deals to smuggle the cocaine into its biggest market the US In New York City it sells for up to \$2,400 per oz

Newly installed in the presidential palace, Siles Zuazo told TIME's South America bureau chief Gavin Scott last week that he includes the sick economy and the cocaine trade among his highest

priorities We must defend the cultivation of coca ' he insists since from time immemorial it has been chewed by our people to relieve pain But we must fight to the death for the repression of drug traffickers who take the leaves and make cocaine This puts the new President in a delicate position some military men have quietly ! warned that they will resist any attempt to crush the



Bolivia's Siles Zuazo (with sash) and his Vice President after inauguration

Facing a weak economy with no illusions about the future

the 1970s. The production of such minerals as tin lead gold silver and zinc has been devastated by strikes, only one of the state-owned mining group's 14 largest mines makes a profit. The inflation rate of 157% over the past twelve months is anticipated to rise foreign currency reserves total only \$83 million and by year's end the central

bank is expected to be nearly \$800 million behind in payments on Bolivia's external debt of \$3.8 billion

Among the bright spots in the economy over the past few years have been the production of natural gas and increases in the crop of coca leaves which in a three-step chemical process are turned into cocaine. In 1981, when a state monopoly was established in cocaleaf trading the value of the drug trade was estimated at \$16 billion. The mili-

profitable cocaine business Still Siles Zuazo believes the army will not rebelfor now They want to cooperate They are beginning by going back to the barracks. But we have no illusions about the future

Siles Zuazo may face a continuing confrontation with the army but his planned cocaine clampdown and the return to democracy have nonetheless won him a powerful ally Following the mauguration Reagan Administration officials indicated that they were considering freeing more than \$42 million worth of previously suspended aid to Bolivia It may not be enough Siles Zuazo has publicly set himself the heady task of improving the economy within his first 100 days If he moves too slowly he may lose the support of the powerful unions. If he moves too fast an unhappy army could feel the need to form the 51st military government in Bolivia's 157 years of independence

IAPAN

Bowing Out

Suzuki throws in the towel

hen Zenko Suzuki, 71 became Japan's Prime Minister 21/4 years ago. he confidently pledged to reduce the government bureaucracy, eliminate the budget deficit and promote "politics of harmony in the faction-ridden ruling Liberal Democratic Party (LDP) But the stocky, stolid Suzuki never made good on any of those promises. Faced with declining public support and growing discontent within the LDP, Suzuki last week told his advisers that he would not seek the nomination for the presidency of the party at its Oct 16 meeting thereby effectively resigning as Prime Minister Said Suzuki I consider it my last service as party president to imbue our party with 🕽 fresh vitality

The sudden announcement was greeted in Japan with a combination of surprise and relief Suzuki's blunders on some matters and inaction on others had long frustrated even his staunchest supporters Suzuki embairassed party elders when after visiting Ronald Reagan in May 1981 he described Japan's relationship with the US as an alliance. The militaristic connotations of that term enraged pacifists in both the ruling and the opposition parties. Suzuki was also criticized for his handling of the furor that broke out last month over charges that new history textbooks for state schools glossed over Japanese atrocities during World War II

Suzuki's efforts to restore vigor to the stagnant Japanese economy have also backfired His plan to end the practice of



Suzuki after announcing his resignation
To imbue our party with fresh vitality

issuing government bonds to help finance the budget was abandoned after lagging exports and the world recession helped swell the 1982 deficit to \$40 l billion. At the same time. Suzuki s attempts to hold down government spending stirred, the wrath of the country's largest labor federation. SOHYO which demanded his resignation. Said a foreign diplomat in Tokyo. Suzuki simply couldn't deliver.

By the end of last month a political poll showed that popular approval of the Suzuki administration had slipped to less than 30% the lowest level since he took office. Among the 52% who disapproved of Suzuki's performance the reason most often given was his "lack of doing anything of note". Suzuki's reputation for ineptitude and personal blandness prompted the popular monthly Bunger-Shunju to

refer to him last year as "King Zenko the Ignorant

Even before Suzuki's decision to bow out, powerbrokers in the government had begun a bitter struggle to decide who would replace him. The list of potential successors included Toshio Komoto, 71 director of the Economic Planning Agency who has the support of former Prime Minister Takeo Fukuda, Shintaro Abe, 58 the outspoken and ambitious head of the Ministry of International Irade and Industry, and Ichiro Nakagawa 57 director general of the Science and Technology Agency The man considered to have the best chance of succeeding however was Yasuhiro Nakasone 64 former head of the Defense Agency and present director general of the Administrative Management Agency

Nakasone two weeks ago publicly committed his faction of the party to supporting Suzuki's re-election. Japanese observers speculate that Nakasone knew in advance that Suzuki was resigning and announced his support mainly to help win the blessing of Suzuki's major backer, former Prime Minister Kakuer Ianaka I ven though he is a defendant in the long-running Lockheed bribery trial. Tanaka remains one of Japan's most powerful politicians.

At the end of the week Suzuki and party officials had failed to agree on a single candidate but still hoped to do so in the next few days. That would allow the party to avoid a national referendum in which candidates would have to mount a costly campaign and expose party policies to public debate. Nevertheless, whoever becomes the new Prime Minister will inherit not only Suzuki's job, but most of the problems that he pledged to solve.

INDIA

Violent Sikhs

Anger in the Punjab

he Indian army's Sikh battalions are The indian army's clear the superb pomp and ienowned for the superb pomp and color they provide in military parades and for their discipline and courage in battle Last week, however a different kind of Sikh regiment, marching under the banners of the militant Akali (disciples of God) movement, brought warnings of rising Sikh restiveness to the gates of Parliament in New Delhi The 3,000 protesters had left Amritsar a city in the northwestern state of Punjab, where most of India's 10 million Sikhs live, and on reaching the capital had clashed with police outside Parliament Before the confrontation was over police opened fire killing four demonstrators and wounding 100 The march had been called to protest the deaths of 34 Sikhs following a controversial accident in Punjah last month when the bus that was taking the victims to jail for defying a ban on demonstrations was struck by a train

The most radical Akalis who call for an independent Sikh nation command



Police open fire on Sikh demonstrators near Parliament House in New Delhi
Worned about losing customs and identity in a predominantly Hindu society

the support of less than 1% of all Sikhs Yet the independence movement is gaining ground as Sikhs worry about losing their customs and identity in a predominantly Hindu society. More confrontations between the Akalis and the government of Prime Minister Indira Gandhi are expected Says Khushwant Singh an

authority on Sikh history. It is for the Akalis to present more rational and acceptable demands and it is for the Prime Minister to reopen a dialogue with the Akali leaders and prevent Punjab going up in smoke. As a conciliating step Gandhi at week's end ordered the release of 25,000 Akalis held in state jails.

United States

Facing the Jobs Issue

Reagan makes his case, but G.O.P. candidates may have trouble making theirs

eyahaya Aydaga Now it gets serious With less than two weeks to go before the mid-term election the preliminary sparring is over and the candidates are trading their heavy punches. The

prize is a big one preservation or destruction of the conservative coalition that has enabled President Ronald Reagan to put most of his programs through Congress

As always in an election that is really an aggregation of state and local votes the candidates are debating a thousand points of personality and parochial concerns. But on every husting one national issue is dominating all others the state of the recession-ridden economy and especially the 10 1% unemployment rate. Democrats everywhere are seeking to pin the blame for double-digit unemployment squarely on Reagan. On national TV, the President last week took the issue head-on, an action he had been avoiding. In a sober address from the Oval Office that was considerably more effective than his stump speeches on behalf of Republican candidates Reagan attempted to assure the voters of his concern argued that his policies are slowly bringing the nation out of an economic mess created mostly by his predecessors and stressed his Administration's accomplishments in reducing inflation (now 5 1'c down from 12 4'c in 1980)

Which side are the voters inclined to believe? The answer so far as it can be deduced from a Yankelovich Skelly & White poll for TIME is that troubled voters are skeptical about accepting either view as gospel but on balance the results are worrisome for Republicans. While most voters still absolve Reagan of responsibility for the nation's economic distress they are not so indulgent toward his party.

The electorate is clearly worned. Almost 60% of the registered voters interviewed across the country judged the nation to be 'in deep and serious trouble' is only 38% who thought the difficulties are no worse now than at other times. By 47% to 39% they considered rising unemployment more troublesome than continued inflation. That is an almost exact reversal of a poll in June, when 46% worned more about inflation and only 38% about unemployment.



The President campaigning in Texas for Congressman Jim Collins, voters give Reagan the benefit of

But when asked where to place the blame for climbing jobless rates 46% of those polled answered. The situation Reagan inherited. Even 34% of the registered Democrats interviewed chose that response Only 33% of the total put the responsibility on Reagan and his policies. Some 61% said they personally were economically worse off than they had been when Reagan took office. Even so 57% thought the President had generally put the nation on the right track.

Moreovet Reagan seems to have weathered without serious damage the decisive psychological blow of the Government's announcement on Oct 8 that the September jobless rate had really crossed the symbolic 10% mark. Although the Yankelovich interviews were conducted by telephone Oct 5-7 the firm repolled last week and found that the opinions on Reagan and the economy had not significantly changed.

That result tallied with surveys taken for the White House by Richard Wiithlin Reagan's pollster. He found that the President's popularity ratings dipped five or six points over the weekend following the announcement but rebounded by last Tuesday after interest rates continued to fall (the prime rate was down to 12% from 16.5% in mid-summer) and the stock market shot up (from 777 on the Dow

Jones industrial average in mid-August to 993 at the end of last week)

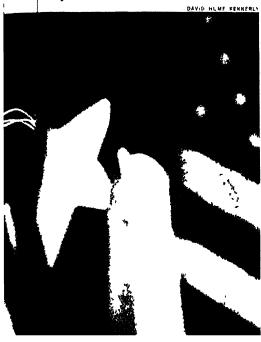
But if Democrats have been unable to convince voters that Reagan's policies caused the recession, the President has been even less successful in convincing them that he is bringing it to an end A startling 77% of those polled by Yankelovich expect the slump to persist all through 1983, is 14% who believe that it will diag on only a few more months

n any case the President is not running this year and the patience that the public is showing in judging his stewardship of the economy does not necessarily translate into votes for the candidates of his party. Asked which party would probably do the better job of reducing unemployment 48' of those polled by Yankelovich chose the Demociats 33' c saw no difference and a mere 14' opted for the Republicans That result was not altogether surprising. Democrats are traditional advocates of heavy's social spending aimed partly at creating jobs But even registered GOP voters split 28% to 28% on whether their party or the Democrats would be more successful in reducing the jobless rolls

Indeed 48% of the people questioned said they intended to vote for their Democratic congressional candidates, while

^{*}The potential sampling error in the poll is plus or minus 3%. When compared with the results of prestous polls the potential sampling error is plus or minus 4.5%.

only 34% expected to pull the Republican lever. Other polls have shown the Democrats maintaining a roughly similar lead. But the figures are far from conclusive they follow the approximate breakdown of party registration, and voters do not always let their instinctive party loyalty dictate their choice among candidates in their districts. Despite a general inclination to vote Democratic, 52% of the people in the Yankelovich poll said they expected to vote for their current Congressman, and only 30% intended to vote for the chal-



a doubt, but are less lenient to his party

lenger even though many could not recall the name or party affiliation of the representatives from their districts

On several specific policy issues voters divide in ways that cannot please either party very much. Asked what the nation should do to spur economic recovery 66% chose as their first priority large cuts in Government spending. A plus for Reagan and the Republicans? Not entirely 62% of those who gave this answer would reduce planned military outlays, is only 21% who would slash further into social-program expenditures.

Reagan has been seeking to make a major issue out of his call for a constitutional amendment that would compel a balanced budget a dubious piece of legislation at best. In his TV speech last week the President assailed 'the hard-core opposition of a minority of Representatives who prefer continued big spending and who prevented the amendment from winning the required two-thirds vote when it came before the House earlier this month

Some 57% of those polled by Yankelovich agreed that a balanced budget is at least important, an additional 16% judged it to be "more important than anything else" But those polled said (47% to 45%) that Reagan was being 'hypocritical' in plugging the amendment while simultaneously running up huge deficits. This is

no gain for the Democrats, though only 23% of the sample thought Democrats would work for a balanced budget if they came back into power 63% thought the Democrats would simply reinstate expensive social-spending programs that Reagan has reduced

The general conclusions voters are deeply troubled about the economy inclined to give Reagan the benefit of the doubt but very skeptical that either he or his Democratic opponents have any convincing answers to the problem of how to

Which problem concerns you more?

June Oct

Rising unemployment 38% 47% Continued inflation 46% 39%

What is to blame for the rise in unemployment?

Situation Reagan inherited 46% Reagan and his policies 33%

Which party can do a better job of reducing unemployment?

Democrats 48% Republicans 14% No difference 33%

put people back to work without rekinding inflation. Thus while Democrats almost certainly will increase their representation in Congress, as the out-party nearly always does in a mid-term election, the extent of the gains is difficult to predict.

eagan's major attempt to resolve the doubts in favor of his party came last week Initially the White House sought to purchase time for a major IV address but the networks balked Reagan's aides then requested a free half hour for what they billed as a nonpartisan economic report to the nation. Over the howls of Democrats CBS and NBC agreed.

Reagan did tone down his Thetoric He did not even use the words Republican and Democrat and he asserted that there's plenty of blame to go around for economic distress. He sought to project an image of sober concern stating that the dark cloud of unemployment hangs over the lives of 11 million of our friends neighbors and family.

The primary point that Reagan tried to make in his TV speech was that his Administration had to bring down inflation in order to construct the base for any lasting reduction of unemployment Skillfully using electronic charts that displayed moving lines, the President asserted that

through the 1970s every economic recovery had been aborted by a surge of inflation that triggered a "deadly delayed reaction of rising unemployment." In contrast he recited current figures on declining interest rates and the drop in inflation. Not only is a recovery coming said Reagan, but "this one is built to last."

The President's point was put more bluntly and in less pattisan fashion by Republican Economist Herbert Stein Writing in the New York Times Stein argued that "disinflation inevitably involves painfully high unemployment, which will yield to future healthy growth if we can avoid dogmatism on either side. Democrats of course argue that the transition could have been accomplished with much less pain.

It is a difficult point for the public to appreciate mostly because many people have been unable to believe that inflation is really slowing. Prices are still rising, and the consumer who pays more for a pound of bacon or a pair of shoes than he paid on his last visit to a store rarely compares the increases with those that occurred a year or two ago. Even so. Reagan seems to be convincing some people. An even 50% of those polled by Yankelovich now believe that the President is doing an acceptable job of containing price rises.

Democrats sought, and received from CBS and NBC, free time to reply to Reagan's speech. The choice fell on Michigan Senator Donald Riegle who is little known nationally. In a hastily prepared 7-min talk following Reagan's 23-min address. Riegle derided the President's plea that the nation stay on course Asked Riegle If you live from paycheck to paycheck do you feel more secure about your job? If you own a small business, are you feeling more secure? What kind of course is this? However like other Democratic spokesmen in recent months. Riegle was hampered by his party's inability to produce any coherent and convincing alternative to Reagan's austere policies

The argument will keep heating up until the voters actually stream into the polling booths. Making full use of a President's prerogatives. Reagan last week offered the Soviet Union a deal under which the US would ship to the USSR up to 23 million metric tons of grain in the year starting Oct. 1 es. 6 million to 8 million tons that the Soviets are now committed to buy The move was calculated to please farmers who have been badly hurt by the recession. He also signed a \$3.8 billion jobtraining bill. Whether such efforts can offset the Democratic wailing about widespread unemployment remains to be seen Indeed the election shapes up as one in which citizens face a tormenting question whether to stay the course, with policies that ask them to suffer high unemployment today for the sake of a so far unfulfilled promise of future healthy growth or to vote for an alternative that no Democrat has vet made very clear By George J Church

made very clear By George J Church Reported by Douglas Brew and John F Stacks/ Washington

Unease Among the Freezers

Despite ballot-box appeal, the anti-nuke movement is worried

Illions of American voters may be surprised to discover on Nov 2 that they are taking part in one of the largest national plebiscites since the repeal of Prohibition. The proposal that the US and the Soviet Union should agree to a mutual freeze on nuclear weapons is on the ballot in nine states the District of Columbia and such cities as Chicago Philadelphia and Denver Nearly a third of the electorate will have a chance to take a stand on the issue

Polls show that the freeze proposals are expected to win in most statewide elections sometimes handily. The most recent sampling for TIMF by Yankelovich Skelly & White reveals that Americans support the freeze idea 76% to 19% Opposition is poorly organized and has little funding. In many races moreover candidates of both parties support the freeze But not even the freeze movement's leaders claim that the issue is likely to affect many congressional races

That is true even though President Reagan's opposition to the freeze is total and outspoken. The President along with many arms control and foreign policy experts, believes a freeze is possible only after negotiations with the Soviet Union achieve an actual arms re- Peace rally last week in Little Rock, Ark duction to a level at which the U S would be in no way inferior in nu-

clear strength. But the White House has not insisted that Republican candidates openly support the Administration's position John Dolinsky a leader of Californians for a Strong America, one of the few groups fighting the freeze complains that White House aides have told state party leaders to place first priority on getting their candidates elected and have warned that 'an antifreeze position might hurt their chances

Few of the movement's leaders however are genuinely ebullient. We are in something of a lull concedes Harold Willens a wealthy Los Angeles businessman who is leading the campaign to anprove the freeze referendum in California One reason for the uneasiness in the movement is its very success. In less than two years it managed to mount the largest protest rally in the nation's history more than 700 000 supporters jammed New York's Central Park in June In August it failed by only two votes of being endorsed by the U.S. House of Representatives. But recent freeze rallies held in Arkansas Iowa, Tennessee and Washington DC have disappointed their organizers. Asks David McCauley of the American Friends Service Committee in Vermont How do we keep the momentum?

While conceding that the emotional urge



How do we keep the momentum?

to hit the streets in support of a freeze may be waning movement leaders see themselves in something of a transitional period. The drive is quieting down a bit but it will continue says Joet Lorion director of Miami's Center for Nuclear Responsibility. It has gone from a frenzied movement to a long-term political movement. The freeze issue in fact has been overwhelmed by the current recession and the 10 1% unemployment rate. 'The nuclear freeze is an issue of lasting concern, says New York Republican Congressman Bill Green who supports it, but jobs are an issue of anger Agrees H Jack Geiger a founder of Physicians for Social Responsibility 'For the time being the freeze has been washed out by the economy and unemployment

Still, there may be deeper reasons for the current restlessness within the movement Reagan whose seeming lack of interest in negotiations of any type with the USSR helped sput the freeze movement has since presented a proposal for a deep reduction in nuclear arms. Many Americans have come to believe with reason that by insisting on a freeze now they could undercut the President's bargaining position in the Strategic Arms Reduction Talks Many others are realizing that negotiating a freeze is far more difficult than it seemed at first blush As with most proposals for a nuclear agreement between the two superpowers its validity hangs on the highly complex,

problem of whether adherence to a freeze can truly be verified A freeze that cannot be verified could be a gstrategic disaster

There is some confusion too within the movement over just what form the freeze should take The most common phrasing of the freeze resolution calls on the US and the USSR to halt the testing production and further deployment of all nuclear weapons missiles and delivery systems in a way that can be checked and verified by both. But in Montana for example the freeze proposal is partially aimed at preventing deployment of any MX missiles there. Such varied approaches. reflect a failure in defining precisely the goals of the freeze movement

Reagan himself might have given the movement a boost two weeks ago when he charged that it was inspired not by the people who want peace but by some who want the weakening of America and who are manipulating many honest people and sincere people. At the least Reagan's outburst fired up some of the freeze leaders. People don tappreciate being called dupes de clared Katherine Magraw of the Council for a Livable World Said Alan Sherr president of the profreeze Lawyers Alliance for Nuclear Arms Control To suggest that lawyers including six past presidents of the American Bar Association are

capable of being manipulated by anything but their own intelligence is simply silly. To suggest on the other hand that we are manipulators of a well-meaning but ignorant US public is insulting

The diversity of the movement, which is both a strength and a potential source of friction was dramatically demonstrated last week when 26 groups with some 20 million members formed (itizens Against Nuclear War, a national organization backing a freeze proposa! The groups include the National Education Association the American Jewish Congress the American Association of University Women the Amalgamated Clothing and Textile Workers Union, the YWCA and the Newspaper Guild

Even as it heads toward probable successes at the polls, the freeze movement faces the task of transforming its often uninformed enthusiasm into sober thought if it is to help create a climate for i the control of nuclear weapons. That lifesustaining goal is one on which no thoughtful American disagrees. Yet despite the prevalence of the freeze issue on ballots in November, the national debate over how to reach that common goal has only begun ---By Ed Magnuson. Reported by Anne Constable/Washington and William R.

Doermer/San Francisco

ুTexas Sniper

The charge. murdering a judge

en in El Paso, a rough Texas border town with a history of renegades and easy money, the Chagra family stood out Lee, the eldest was a flamboyant lawyer with a taste for cocaine who specialized in defending drug dealers. He carried thousands of dollars in his cowboy boots and handed out gold bracelets engraved with his motto FREEDOM When he bought a limousine equipped with a bar and television he also ordered a special nook for the gun he always carried In December 1978 the night after he picked up the car from the dealer, he was shot to death during a robbery in his fortress-like office. He was 41 Lee's brother Jamiel (Jimmy) was a professional gambler who was known to win or lose a million dollars in a single night in Las Vegas But his gambling was financed by a more deadly game. In 1979 limmy described by federal prosecutors as the kingpin of a narcotics empire in the Southwest was indicted for drug smuggling Now the Chagras, sons of a Lebanese merchant are embroiled in one of the most publicized trials in Texas history The proceedings began last week

Jimmy Chagra 39 is accused of hiring a hitman in May 1979 to murder John H Wood Jr the federal judge who had been scheduled to preside over his narcotics trial Wood 63, had earned the sobiiquet Maximum John" for his draconian sentences to drug dealers. Wood was shot in the back with a high-powered rifle in the driveway of his San Antonio home on May 29 the day originally set for Jimmy Chagra's trial (Chagra was subsequently convicted on the drug charges and sentenced to 30 years in prison)

With US District Judge William Sessions presiding over the trial for his colleague's murder three defendants face charges Charles V Harrelson 44 a convicted contract killer accused of shooting Wood for a payment of \$250 000 from Jimmy Chagra, Harrelson's wife Jo Ann, 42 who allegedly bought the murder rifle and Jimmy's wife Elizabeth, 28 who is charged with covering up the crime Jimmy will be tried separately later. The final defendant was to have been the youngest Chagra brother, Joseph, 35 an El Paso lawyer But last month he agreed to plead guilty to the murder-conspiracy charge and testify against Harrelson in return for a ten-year maximum sentence and the right not to testify against his brother

US Government Prosecutor Ray Jahn argues that Jimmy Chagra was greatly fearful of Judge Wood' He points out that Chagra's own lawyer had requested that Wood excuse himself from the case citing bias but Wood refused According to the prosecution's scenario, Jimmy and Joseph then agreed to have the judge murdered, and in the



United States

Accused Hitman Harrelson arrives at court Gambling drugs and Lone Star intrigue

spring of 1979 Jimmy met Charles Har relson in Las Vegas and offered him the job Jahn plans to introduce tape recordings made secretly by the IBI when Joseph visited Jimmy in 1980 in the federal prison in Leavenworth Kans On those tapes says Jahn the brothers discuss the murder

The most damaging witness for the prosecution so far has been a tearful Kathryn Wood the judge's widow who read the court a five-page handwritten letter she received last September from Elizabeth Chagia. In the letter. I lizabeth apologized for her involvement in the murder One day in March three years ago I was in the kitchen cooking fried chicken when my husband came home and said. I'm going to kill Judge Wood she wrote, adding that she did not take the threat seriously. That summer she wrote her husband asked her to deliver some money to Las Vegas He said that this was for the payoff for your husbands murder Harrelson's attorney Thomas G Sharpe Ji says he will prove that the Harrelsons were 270 miles away in Dallas when Wood was killed

More Headaches

Tylenol case clues, proposals

The 100 rBI agents and Chicago po-lice investigating September's Tylenol murders sifted clues chased leads extended their search to Kansas City, Momade an arrest -and still came up empty last week

Roger Arnold 48 was arrested after police received a tip that he kept cyanide in his South Side Chicago home. Although he was airaigned on other charges (including failing to register firearms), there were curious coincidences in terms of the Tylenol poisonings that killed seven people in the Chicago area. For the past 13 years Ainold has worked on the loading dock of the Jewel Food warehouse in suburban Melrose Park Tainted Tylenol was found in two Jewel supermarkets. Describing Arnold as a closet chemist, police searched his house and turned up a suspicious-looking plastic bag of white powder along with drug manuals that contained instructions for encapsulating cyanide. A lab test found the powder to be a harmless carbonate but Arnold

admitted that he had kept sodium cyinide in his basement several months ago for expenments Nevertheless Chicago police insist that Arnold now out on bail is not a prime suspect at this time

In another development a federal arrest warrant was issued for Chicago Residents Robert Richardson 36 and his wife Nancy 35 Richardson was accused of attempting to extort \$1 million from McNeil Consumer Products Co the manufacturers of Ivlenol with a handwritten note demanding money if you want to stop the killing But when his picture flashed on the TV The Richardsons news detectives in Kan-





sasCity recognized him as James W. Lewis who had been freed on murder charges stemming from the 1978 mutilation in Kansas City of one Raymond West A nationwide arrest alert was ordered

Meanwhile the Proprietary Association a Washington-based organization that represents the nation's major pharmacentical manufacturers unveiled detailed proposals for packaging that would clearly tip off the consumer when a product has been tampered with. The association has urged the Food and Drug Administration to adopt a uniform national approach to the problem to discourage state and local authorities from enacting separate and possibly conflicting regulations

United States

Yes, Go West

Princely pay for L A. officials

Since the passage of Proposition 13 in 1978. Los Angeles has eliminated 1,995 jobs cut library hours from an average of eight hours a day to five and revised the schedule of street repaying from every 40 years to once every 120. No matter Last week the city council approved raises for Los Angeles 32 department heads already the highest paid by far in the country. In Los Angeles, the police chief now gets \$98 908 compared with \$72 000 in New York and \$83 884 in Chicago the Los Angeles fire chief \$93 688 vs \$72 000 in New York and \$81 816 in Chicago the Los Angeles airport chief \$104 483 vs \$87,594 in New York and \$71 400 in Chicago

Salaries and fringe benefits now account for 75% of Los Angeles \$1.5 billion budget. Says City Councilman Ernani. Bernardi who makes only \$43.923 a year. It's a vicious cycle. It has to stop. According to him the bloated wage scale results from a lack of fiscal restraint by the council and an arcane prevailing wage clause in the city charter dating from 1925. In practice, the prevailing wage clause requiring the city to pay its employees salaries at least equal to comparable jobs in the private sector, has become the rock-bottom minimum from which wage demands spiral upward.

Work Wanted

Reagan's son gets in line

s President Ronald Reagan reminded A the nation once again in his IV speech last week his own family has been touched by unemployment he was out of work in the Depression year of 1932, and his father once lost his job on Christmas Eve He might have added a far more modern story except that it is less than poignant Ronald Prescott Reagan 24 the President's youngest son is now strolling each week into an unemploymentcompensation office in New York City with a Secret Service escort to sign up for a \$125 check. His career looks more promising than ever he has been promoted to the main Joffrey Ballet company from a secondary troupe and will resume dancing at the end of October for \$333 a week. But the whole company is now on a four week layoff between seasons. Says Joan Greenspan an executive of the American Guild of Musical Artists Ron is doing what every New York dancer does between engagements

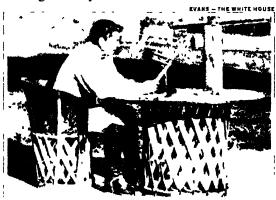
Ron telephoned his father and Nancy to inform them of his plans. They offered to help him financially says Sheila Tate the First Lady's press secretary. But she says. Ron told them that he wanted to get through it on his own.

The Presidency/Hugh Sidey

Lousy Bums and Other Asides

All the Reagan juices were flowing when the Piesident sat down a fortnight ago at his ranch to give one of his radio exhortations. When he saw the mike, he was seized by a latent actor's impulse to perform. And because the topic of the hour was the Polish government's move to outlaw Solidarity, his molten aversion to Communism bubbled to the surface. To test the sound equipment and his own pipes, he said firmly. My fellow Americans, yesterday the Polish government, a military dictatorship, a bunch of no-good lousy bums.

The equipment was working all too well it turned out The President's intemperate words were captured on tape, later aired nationally, and almost instantly became an issue Polish apparatchiks rushed to explore the meaning and implication of "no-good lousy That is not the language of diplomacy. It is the language of honesty such a novel commodity on the international exchanges that the White House feigned uncasters had violated the



happiness that the broad- At the radio mike in California; shades of the 1930s

President's privacy. In truth Reagan handlers were genuinely concerned about the breach of faith because the next time it might be damaging "No-good lousy burns is right out of Wrigley Field and the 1930s naughty but lovable Remember Richard Nixon's tapes and all those four-letter words about out-of-the-way parts and functions of the body? A caveman lurked down there someplace

Indeed, in our era of carefully crafted images these electionic inadvertencies and other unmasked asides carried out of the White House by listeners form a valuable body of presidential lore. So often they are flashes of truth in the twilight world of political dialogue.

Back in 1944 franklin Roosevelt created a ruckus when he went into a voting booth at his home in Hyde Park NY, and ran into some new voting machines. The best-known voice of the century echoed through the curtains 'Damn' FDR was just that kind of guy

Hindsight suggests that Harry Tiuman at first had trouble understanding when he was talking privately and when he was not At dinner with 200 members of the Reserve Officers Association in 1949, Truman got worked up over criticism of his crony, Major General Harry Vaughan, and called Columnist Drew Pearson an 's o b The White House purged the transcript, but it was too late Gasped the Chicago Sun-Times 'The duty phrase used by Mi Truman has shocked millions who feel that every President becomes a symbol for clean-minded youth"

Just a few months ago the surreptitiously taped ramblings of Nixon before he went on national television to give up the presidency began circulating among video buffs. I hey showed the leader of the Western world on the far edge, chattering strangely with television technicians. Had we seen this bit of psychodrama bac; then, we might have understood the bizarre proceedings better.

There have been times when Presidents simply lost their bearings and talked publicly as they talked privately. In 1966, speaking to G Is at Camp Stanley in Korea Lyndon Johnson became so worked up that he reverted to the Texas storyteller he always was He told the world that his great-great-grandfather had died at the Alamo Pure fiction. Knowing a flap was coming, Aide George Christian tried delicately to brace L B J for the outcry "I never said that," pouted Johnson Politely as he could, Christian told Johnson that he had heard him say it "I don't care what you heard" snorted Johnson "I didn't say it My great-great-grandfather did not die at the Alamo."

That was sadly, a glimpse of Johnson rearranging the facts, the one trait that probably did more to force him into retirement than anything else. Too bad that Johnson could not have brought himself instantly to the good-natured confessional he offered years later "What I was trying to say was that my ancestor was in a fight at the Alamo—that is, the Alamo Hotel in Eagle Pass, Texas" But that was just the way L B J was



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PROFESSOR MICHIO NAGAI Former Minister of Education, Culture and Science for Japan

DR RUY PEREZ TAMAYO Head of Pathology at the Instituto Nacional de la Nutricion 'Salvador Zubiran', Mexico

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The entries will be judged on the basis of their general demonstration of the 'spirit of enterprise' plus their qualities of newness, originality, inventiveness, interest, feasibility, significance and the likelihood of completion.

How to apply.

Your entry must be completed in English on an Official Application Form and reach the Secretariat before the 31st of March 1983.

The Awards will be presented in Geneva at the end of April 1984.

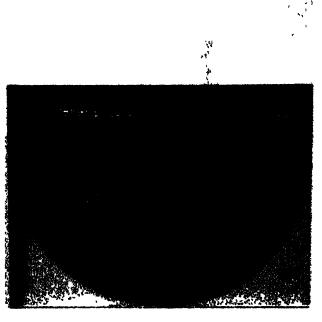
To obtain an Official Application Form for The 1984 Rolex Awards for Enterprise together with the detailed Rules and Conditions, write to: The Secretariat, The Rolex Awards for Enterprise, P.O. Box 178, 1211 Geneva 26, Switzerland

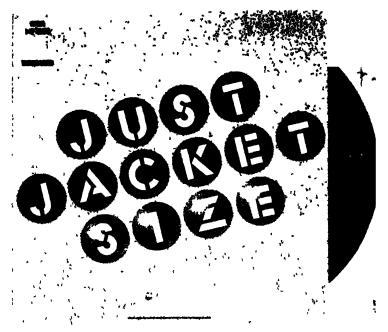
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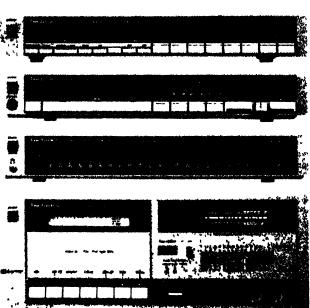
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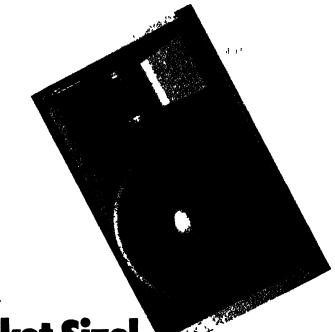












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Raising a Tudor Rose

A venerable warship once again sees daylight

She was the first man-o-war of England's fledgling Royal Navy and a special source of pride to Henry VIII, founding genius of that noble institution In 1509 Bluff King Hal named the 130it 700-ton, four-masted carrack, which became the vice flagship of his royal fleet, Mary Rose after his favorite sister But on July 19 1545 the willful monarch looked on appalled at Southsea Castle, near the historic naval town of Portsmouth, as the top-heavy Mary Rose capsized and sank in 40 ft of water while repelling the attack of a French armada 'Oh my gentlemen, oh my gallant men' cried Henry, as he watched some 665 seamen and soldiers go down with the ship

The wreck of the Mars Rose moldered for 437 years in the chilly waters of the Solent as the nautical avenue between the Isle of Wight and Portsmouth is called Time and tide did their work after centuries of erosion, only the starboard half of the warship's timbers remained intact in their silt-laden grave. But those blackened beams were more than enough last week to provide yet another spectacle for royal eyes. Under the anxious gaze of Prince Charles and thousands of ordinary Britons the remains of the Mary Rose emerged from the Solent in the embrace of a specially molded 217-ton lifting frame and cradle hoisted by a 10 800-ton floating crane

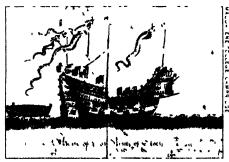
For a brief moment, the project hovered near calamity As the Mary Rose ascended from the sea, part of the lifting frame gave way and dropped about 6 ft onto the delicate timbers of the ship with an awful crunching sound Said Prince Charles after the near disaster 'I was slightly horrified [but] the important thing is to be British and stay calm 'I uckily, no serious damage was done Wrapped in plastic sheeting and constantly sprayed with sea water to prevent further decay, the Mary Rose was soon en route to Portsmouth Harbor culminating the most expensive (\$7 million) underwater archaeological salvage operation in history

There have been other attempts to recover the bounty of the Marv Rose In 1836 John Deane, using the first workable underwater diving helmet teamed with his brother Charles to bring up some of the guns of the famous ship along with a few limbers that were then made into souvenir inkwells and walking sticks. After four years, the entrepreneurial divers shut down their operation. The exact whereabouts of the Mary Rose was gradually forgotten.

More than a century later, the image of the wreck haunted the imagination of Alexander McKee, a historian who skin-

dived throughout the Solent in order to find the vessel. In 1966 he discovered a 19th century naval chart that marked the site of the sinking Says McKee I was Using undersea scanning electrified technology developed by Electrical Engineer Harold Edgerton of the Massachusetts Institute of Technology, McKee found the remains of the Mars Rose buiied in a watery depression. For four years the historian and a band of amateur divers dug away, sometimes with their bare hands until they discovered a Judor cannon The resulting publicity brought the money boats and specialized equipment needed for the final salvage

Before the ultimate lifting the site of the Mary Rose had yielded a fabulous trove of Iudor memorabilia. Aside from cannons by 1979 the divers began to bring up boxes of clothing medicine chests and such objects as carpenters tools coins and pocket sundials, the Tudor equivalent of watches. One special

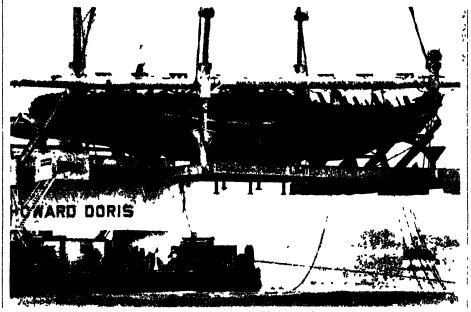


A 1546 depiction of the Mary Rose

find a shawm, the 16th century forerunner of the oboe Few other examples of the antique instrument are known to exist. Also recovered were the bones of about 100 drowned men. Scientists are studying them for clues about nutrition and disease in the Tudor era.

he more excavation proceeded around the burial site, however, the more salvagers of the Mary Rose were caught up in a race against time. What remained of the hull of the vessel after centuries of erosion was a near perfect cross section but the modern digging exposed Mary Rose's surviving timbers to the destructive scouring of tides and the appetites of marine organisms. In August 1980 the decision was made by the growing legions of Mar) Rose salvagers to plan last week's dramatic lift. The salvage attempt had the blessing of Prince Charles who in 1975 became president of the Mary Rose Trust a charity dedicated to saving the vessel. The 21st Prince of Wales had made ten dives to inspect the ship in its cold muddy resting place an experience he described as similar to swimming about in lentil soup

More salvage work remains to be done. In lifting the bulk of the Mary Rose's remains a 6-ft section of the warship's bow was deliberately severed as a safety precaution. After the sections are rejoined, the painstaking work of finally preserving the Mary Rose could take several years. Nonetheless, the rescuers of the Mary Rose hope that their precious find can go on display as early as next year in Portsmouth at a drydock close to Lord Nelson's famous flagship. H.M.S. 1 11(10). Says Discoverer Mckee. This is a dream come true. — By George Russell Reported by Arthur White/Portsmouth.



The resurrected skeleton of the Tudor ship is lowered in its cradle onto a barge in the Solent After 437 years beneath the sea, and near calamity a dream come true



West meets eats: the Fords and the Kissingers delicately considering the merits of health food on Japanese TV's *Welcome to Osaka*

The invitation from Kansai Television of Osaka spoke of appearing for a fee at a series of international forums Former President Gerald R. Ford, 69 former Secretary of State Henry Kissinger, 59 and their wives Betty, 64 and Nancy, 48, accepted with high expectations of talking the grand talk of global politics before a

some girth and standing the two men diplomatically picked their way through the offerings Says Nancy I thought the President and Henry would go through the floor

It has been little more than a month since the Rover 3500 driven by Princess Grace of



Stephanie with Caroline and Prince Rainier at memorial Mass

new audience. The first entry on their schedule however was the local Welcome to Osuka morning TV program and wives were very much included We thought that was a little bit unusual, ' recalls Nancy Arriving at the studio the honored guests were informed that the topic of discussion would be not politics, but health food Somewhat stunned, the Fords and the Kissingers were seated at a table for a spare vegetatian meal served in Buddhist temples known as Shojin 13011 Though meat eaters of

Monaco plunged over the edge of the Moyenne Coiniche, the mountain road near her home in Monte Carlo During that time Princess Stephanie, 17 has remained a virtual recluse Last week the princess moving rigidly in a neck brace. was glimpsed for the first time in public since the accident Still suffering from a lesion of the seventh vertebra she attended a memorial Mass for her mother Though Stephanie had originally planned to begir a course in fashion design this fall in Paris she will probably join the class early next year after her injuries have fully healed

He was a rawboned Sacand-Fox Indian from the flatlands of Oklahoma who was blessed with an incandescent athletic prowess that placed him in the halls of fame of three major fields of sport college football pro football and track and field When Jim Thorpe won the pentathlon and the decathlon at the 1912 Olympic Games in Stockholm, Sweden's King Gustav V, presenting the gold medals proclaimed him 'the finest athlete in the world' Said Thorpe in response Thanks King Six months later the medals were taken back and his feats expunged from the record books when it was discovered that Thorpe had earned \$15 a week during two summers as a minor league outhelder thus forfeiting his amateur status. The loss of the gold medals he had fairly won bothered Thorpe until his death penniless and crippled by alcohol in 1953 Last week, after a lifelong battle waged by his daughter Charlotte Thorpe, 63, the International Olympic Committee announced that it would reinstate Thorpe's medals My next push, says Chailotte 'is to get Dad's remains [now in Jim Thorpe, Pa] back to Oklahoma so his soul can rest

To the blue-haired matrons who spill into the minklined caverns of Las Vegas. Liberace, 63 is more than just an entertainer, he is the rhinestone-encrusted embodiment of big-glitter show business To Scott Thorson, 23, his 6-ft 2-in companion chauffeur bodyguard for the past few years the star was also more than just an employer. Or so claims Thorson in a \$113 million palimony' suit filed last week. Thorson contends that a 'personal services contract' he had with the pianist entitles him to equity in real estate holdings plus a salary of \$7 000 a month in return for entering what he says was an exclusive nonmarital relationship. The entertainer who has always denied being homosexual contends that the charges were made up by a disgruntled former employee who was fired because of erratic behavior excessive drinking the use of drugs and the carrying of firearms among other reasons

---By E. Graydon Carter



Liberace with Thorson in 1980

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At Last, the Canberra Collection

After nine years in building, Australia's national gallery opens

dwarf the paintings, turning Jackson Pol-

Fireworks banged and twinkled in the night skies over Canberra last week amid pomp, ceremony black ties, tiaras and champagne Queen Elizabeth II declared Australia's new National Gallery open to the public Nine years in building. almost 20 in planning, the ANG for the time being, at least, eclipsed every other cultural institution in Australia "The establishment of a national collection. remarked the Queen in her speech, 'is also the establishment of a national identity, and the gallery's 50-year-old Australian director, James Mollison promised more to come 'Eventually he declared this gallery will be so full of so much great art that people will walk inside and how!

The building was designed by Colin Madigan of the North Sydney firm of Edwards Madigan Torvillo Briggs Pty Ltd in a high-speech version of the idiom that used to be called New Brutalism 20 years ago-aggressive concrete planes and deep slots of shadow, directly descended from late Le Corbuster To this is added some invocation of palace and fortress architecture The plan has a very strong sense of procession, and is designed to allow a large flow of visitors, estimated at about I million a year, to stream through its halls Three of its sides look like an irresolute jumble of sheds The fourth facing the High Court building is impressively coherent

The interior has two great faults The main galleries with their rhetorically high ceilings and towering walls of bush-hammered concrete-"soaring the requisite adjective here—completely

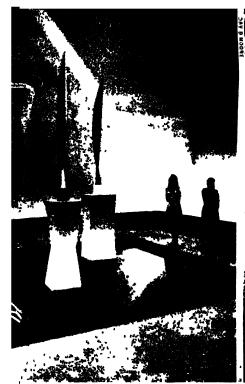
lock's Blue Poles into a little silvery postage stamp Worse, no role is played by Canberra's one architectural asset, natutal daylight All is glare and gloom This accords with the ridiculously program-matic opinions of one of the ANG searly advisers the American former museum director James Johnson Sweeney, but it is a grave mistake Without daylight the paintings look embalmed Apart from this, the gallery works well in terms of its stated functions in particular, the behind-the-scenes facilities (storage, conservation restoration research administration) are designed with a care and expertise unknown before in the Southern Hemisphere And well it might from groundbreaking to opening, the building cost \$53.2 million not counting the buying hudget, which already totals about \$40 million and has been boosted another \$2° 55 million by a special government grant over the five years left before Australia's bicentennial in 1988

o museum built in the past half-No museum ount in the a source of century became so potent a source of political controversy within its own society Most museums put up in the now closing boom years of art education, 1950 to 1975, were privately funded and not wholly accountable to the state The ANG is entirely government-run on taxpayers money When Mollison bought Blue Poles from the American collector Ben Heller after long negotiation, for the unprecedented sum of \$2 million at 1973 exchange rates, the figure had to be made

for the work of any American artist and among the highest prices ever disclosed for a painting of any sort. The issue was immediately seized on by the Australian press whose management was bitterly opposed to Gough Whillam's Labor goveinment as a prime emblem of artsy Socialist mismanagement. The propaganda value squeezed from this episode certainly helped many Australians accept the virtual coup d etat by which Whitlam's government was dismissed in 1975

Mollison gets some saidonic pleasure from the fact that some years later the Shah of Iran offered him \$7.3 million for Blue Poles through the American dealer Leo Castelli-although this says more about the reasons for the fall of the Pahlavis than about the value of the painting. which would be lucky indeed to make \$2 million on today's depressed art market What matters, however is that in this case the ANG had secured one of the masterpieces of modernism a category which also includes its only Russian constructivist painting, Kasimir Maievich's House Under Construction, 1914 This cannot be said of all its more expensive purchases Its Matisse. Europa and the Bull, is an obviously unfinished work Some of the scaffolding of a major Matisse is there, no more than that The sketchy canvas was not thought important enough to be included in the canonical Maissee centenary retrospective in Paris in 1970

The ANG's huge Leger mural which cost Australia more than \$1 million and used to hang in the stairway of Art Historian Douglas Cooper's house in the south of France, was certainly designed by Leger But its execution in 1954, when Leger was old, feeble and had only a year to live, is thought in some quarters to have







Interior view of the gallery displaying modern art collected from around the world

been carried out by his studio assistant. In general, the ANG s collection of works from the modernist period 1880 to 1960, is like a quarter-finished jigsaw puzzle. In American abstract expressionism, it is nearly complete with major works by Pollock De Kooning, Rothko, Hofmann Still, and the insufficiently appreciated Lee Kiasner.

On the other hand, the A N G has no cubist painting of any significance nor any great surrealist painting, nothing by the futurists no fauve pictures very little constructivism and only two impressionist works both by Claude Monet. One

The Queen, with Gallery Director Mollison

could draw up a very long list of the major names of modern art starting with Picasso that are either absent or represented only by drawings and prints Still, Mollison over the years has found some things for which any museum director would kill notably the sublime pair of Brancusi Birds in Space one in white and the other in black marble that came to Canberra from an Indian collection. He has put together a voluminous study collection of international art from 1960 onward, and the A N G s print department particularly in the field of lithography, is among the best in the world

If the modern section is scrappy, the old master department is hardly even spotty There, the pattern is almost all gaps. It is nice to have a bit of a Giovanni di Paolo altarpiece in Canberra, but this does not make up for the total absence of any significant works from the High Renaissance The Tiepolo ceiling from the Contini-Bonacossi collection is a fine piece, but it is the only significant example of rococo painting in the whole collection And so one might go on The point is that the A N G is going to need immense funding from every Australian government into the indefinite future to fill out its stated programs, especially its vague policy on "exemplary masterpieces

Perhaps this toriential cash flow will always be there. For the moment Mollison's political problems are over. He has a compliant board, the press is on his side and both the government and the opposition now support the A N G wholeheartedly. Prime Minister Malcolm Fraser thanks to the opening ceremonies, now basks in a Medicean aura—an interesting irony to those who remember what attacks Gough Whitlam, whose monument the A N G really is, had to bear for back-

ing Mollison's policies as they erratically matured Still, those immense holes in the collection must be filled with cash. There are no great collections of overseas art in Australia, so there will be few gifts of "masterpieces. If the present crumbling at the edges of the world art market extends to its center, the A.N.G. will be well placed. If not, the good will of Australians will depend on the role of the gallery as a national collection, representing and explaining the art of Australia to itself.

Thanks to the combined efforts of Mollison and his chief curator of Australian ait, Daniel Thomas it does this remarkably well. It is unlikely that the A N G will ever have a collection of colonial art from 1770 to 1840 that does more than complement the holdings of the National Library in Canberra and Sydney's Mitchell Library Although the ANG has some fine examples of Australian impressionism, most of the great works of Streeton and Roberts are already in the various state galleries. But by concentrating on previously ignored areas and relationships in Australian art, the ANG has provided the vital material for a rewriting of its history particularly in the years from 1910 to 1950. Never before for instance, has the importance of Melbourne figurative expressionist painting of the 40s- the early work of Arthur Boyd Albert Tucker and Sidney Nolan among others- been shown so brilliantly of collected so thoroughly by a museum. Nor has any Australian museum tried with such success to show relationships between painting sculpture and the decorative arts as has the ANG. The big white machine by Lake Burley Griffin has its bugs and quilks, but it runs. And from now on its energies will help transform Austra has sense of itself - By Robert Hughes

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Religion

The Angel of Auschwitz

Poland's Maximilian Kolbe is declared a Catholic saint

reater love has no man than this, that a man lay down his life for his friends. Repeating those words of Jesus John 15 13). Pope John Paul II last week presided over the canonization of a fellow Pole who greatly inspired his own vocation as a priest Maximilian Maria Kolbe a Franciscan friar who died for his faith and to save another man's life-at the most notorious of Nazi death camps

At the end of July 1941 a commandant at Auschwitz arbitrarily selected ten men to be starved to death in reprisal for The escape of one inmate Francizek Gajowniczek one of the ten criedout for his wife and two children Father Kolbe, 47 a political prisoner offered to take Gajowniczek's place. Consigned to a basement cell Kolbe survived about two weeks without food or water consoling his fellow victims with prayers until a prison guard finally killed him with an injection

The canonization ceremony for Kolbe in St. Peter's Square was attended by 150 000 worshipers among them 5 000 Catholics who came from Poland legally and hundreds of others who surreptitiously slipped out of that troubled country. After the rite. John Paul stepped down from the altar platform to kiss and embrace Gajowniczek now 81 who had wept silently through the service Gajowniczek

riecalls 'I was never able to thank him personally but we looked into each other's eyes before he was led away

Although 50 Polish bishops were at St Peters, the country's Primate, Archbishop Jozef Glemp of Warsaw, stayed at home because of his tear of civil unrest. He celebrated an outdoor Mass at Niepokalanow (City of the Immaculate), a friary founded by Kolbe 25 miles west of Warsaw John Paul, in a ncontime adaress following the canonization, denounced the dissolution of the independent union Solidarity as 'a violation of the fundamental rights of man and soci-(Poland's state radio and television censored this criticism in its coverage of the ceremonies) Next day, lacing an audience that included a stone-faced government delegation from Poland, the Pope pleaded for the release of his homeland's political prisoners

with hand grenades and submachine guns killed a twoyear-old boy and wounded 38 other Jews leaving festival services in Rome's largest synagogue In his sermon honoring Kolbe, the Pope said "The tragic fate of so many Jews destroyed without pity in the concentration camps has already been condemned, firmly and irrevocably by the conscience of humanity But unfortunately, even in our own time criminal episodes of anti-Semitic hatred are repeated. He then denounced the execrable attack of the preceding day Jewish leaders nonetheless complained bitterly that Friar with Kolbe portrait the Pope's September meet-

ing with Yasser Arafat chairman of the Palestine Liberation Organization had helped create a climate for the incident

The unusually swift canonization of Kolbe was pushed by John Paul and Pope Paul VI Both men considered Kolbe to be an exemplar of priestly discipline and self-giving and of Christian virtue in a century of inhumanity Saints are usually not proclaimed till at least 50 years



after the process begins. Kolbe reached beatification the next-to-last step, in 1971 as Paul VI became the first Pontiff to perform such a ceremony personally After beatification, the church must nor-

mally document two miracles resulting from prayers to the candidate to intercede with God John Paul removed the need for that by proclaiming Kolbe not only a 'confessor'' but a martyr, a Christian who died for his faith As it happened there were several reports of miracles that the Vatican could have investigated

The son of weavers. Kolbe was renowned in Polish Catholic circles long before his heroic death at Auschwitz Fietcely devoted to the Virgin Mary Kolbe, though often gravely ill with tuberculosis founded a sizable Marian society, and followers started Maryvilles' in Japan Brazil and Illinois

Kolbe also created Niepokalanow which became the world's largest friary. In this self-contained community of 800, the priests and brothers served in every role from fireman to mechanic Before World War II the friary's monthly magazine, Knight of the Immaculate boasted an impressive I million circulation Members of the community also ran a daily newspaper and a radio station

An atticulate opponent of Nazism Kolbe courageously cared for hundreds of Jewish refugees and was a marked man when the Germans invaded Poland in 1939 In Auschwitz where priests were singled out for special brutality shared his meager food rations and spent much of his time comforting others. Some survivors said it was Kolbe's counsel that inspired them to go on living For a new biography of Kolbe 1 Man for Others (Harper & Row \$12.95) California Journalist Patricia Treece interviewed Sigmund Crotson a TV personality in Wilmington Del and the only lewish survivor of Auschwitz who knew Kolbe Corson then a 13year-old orphan recalls 'He used to wipe away my tears Because of the death of my parents. I had been asking Where is God?' and had lost faith Kolbe gave me that faith back. He was like an By Richard N Ostling angel Reported by Barry Kalb/Rome



The day before the can- Pope John Paul embracing Gajowniczek, whose life was spared at Auschwitz onization, terrorists armed "I was never able to thank him, but we looked into each other seyes

Healer's Trials

Split over an archbishop

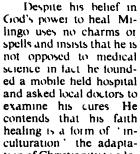
hen the Rev Emmanuel Milingo was named Roman Catholic Archbishop of Lusaka in 1969 his qualifications seemed considerable he was energetic pious, modest, well educated and possessed of a popular touch Milingo has not exactly lived up to the Vatican's hopes Since April he has been sequestered at a monastery in Rome for a year of 'rest and reflection, as well as psychiattic observation. Milingo's detention has angered many Zambian Catholics who held two large rallies in Kabwe last week demanding that the Vatican release their aichbishop by Nov 4 Some are even threatening schism

The issue that threatens to split African Catholicism is Milingo's unconventional ministry in particular his fath healing and exorcism While in Rome nine years ago, Milingo experienced a trancelike vision after meeting Italian priests in the Catholic charismatic movement which with Vatican acceptance, promotes such uncommon practices as speaking in tongues and faith healing

Back in Africa, Milingo began praying for cures of ailing supplicants and soon hundreds were reporting miracles. One American nun Trances Randall, a psychology lecturer in Natiobi says she was cured of a painful broken coccyy bone. Cure-seekers streamed to Lusaka from across Africa and Milingo healed others in the U.S. and Europe. When he attended an African bishops conference the sick congregated outside the hall.

Illingo's critics accuse him in effect of being a kind of Catholic witch doctor who is reinforcing faith in tribal magic when he should be promoting modern medicine. The archbishop's opponents have also charged him with neglect of his administrative duties. A group of African bishops in 1978 ordered a halt to Milingo's healings. When he persisted

the Vatican finally summoned him to Rome



tion of Christianity to a local culture, just as the Second Vatican Council taught Says Milingo "The white missionaries are backward. They do not understand what is happening in their own countries. They must make up their minds whether they want to Christianize Africa or not







Harvard Vice President Thomas O'Brien

Education

Where Has All the Money Gone?

Harvard gets bad news from Uncle Sam

t was bicentennial celebration week at the Harvard Medical School, the third oldest and probably most prestigious in the country Ten Nobel laureates including the three newest prizewinners (see MIDI-CINI) came to speak in symposiums and 75 representatives of medical colleges around the world traveled to Boston to pay tribute. Along with the accolades came an unwelcome rebuke this week the Federal Government will announce that the medical school may have to pay back \$1.7 million given it in research grants. After an audit of how the medical school spent \$78 million in federal grant money in fiscal 1975 1976 and 1977, the Department of Health and Human Services concluded that Harvard did not keep adequate records of salary costs for specific federal programs and that it routinely used money from one grant to cover cost overruns for another project Says Ldward Parigian, the HHS regional audit director. 'These are violations of regulations and good business acumen Universities shouldn't consider federal funds a giveaway. They should have good accountability

Did Harvard violate the public trust? Certainly not answers Harvard's financial vice president Thomas O'Brien, who claims that the medical school owes no more than \$1 400 'The situation is based on the Government's misunderstanding of how universities function," he says "It has reduced what once was a partnership to a purchaser-supplier relationship" Record-keeping practices are decentralized at Harvard as they are in most academic institutions. Accounting is further complicated by the fact that most grants involve several departments.

Harvard's troubles are only the latest battle in a war between universities and the Government over the question of cost accountability. Faculty senates of more than 20 universities passed resolutions opposing Circular A-21, a directive from the Office of Management and Budget that demands effort reporting the documentation of how teachers spend their time while receiving federal funds. Many researchers argue that they cannot assign precise percentages to the time they spend in the classroom lab or office Last March Yale declined a \$30 000 federal grant because its proposed recipient Mathematics Professor Serge Lang would not prepare or sign an effort report although he would certify that the money had been properly spent

Universities usually try to comply with A-21 however, in order to receive some of the \$2 billion in annual HHS grant money Harvard Medical School which received about half its \$95 million budget for 1981-82 from the US is not unusual in its dependence. Nor is it the only institution to be audited Says Parigian All of your major schools that receive a substantial amount in federal grants-Yale, Haivard, the University of California complex, the University of Michigan and Johns Hopkins-need to make significant improvements in recording and controlling federal funds" Meanwhile, Harvard intends to continue its fight with HHS on how much money the medical school owes the Government Maintains O'Brien "The whole research effort of the country suffers when the public gets the impression that the universities have been ripping off federal funds



Milingo



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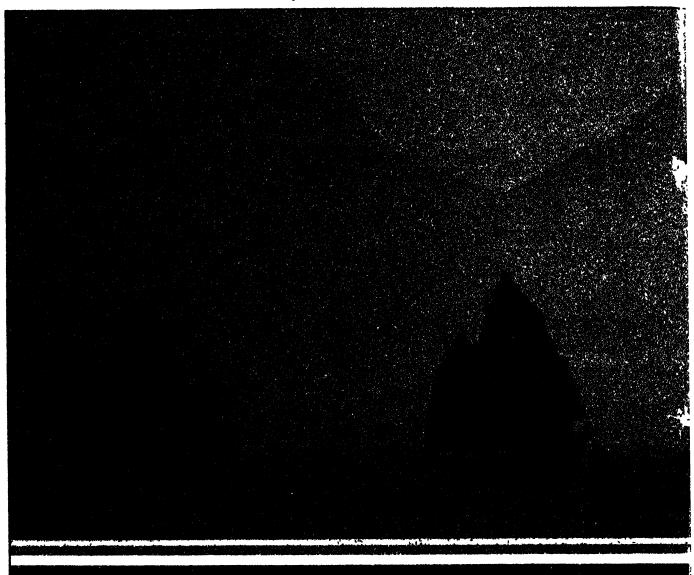
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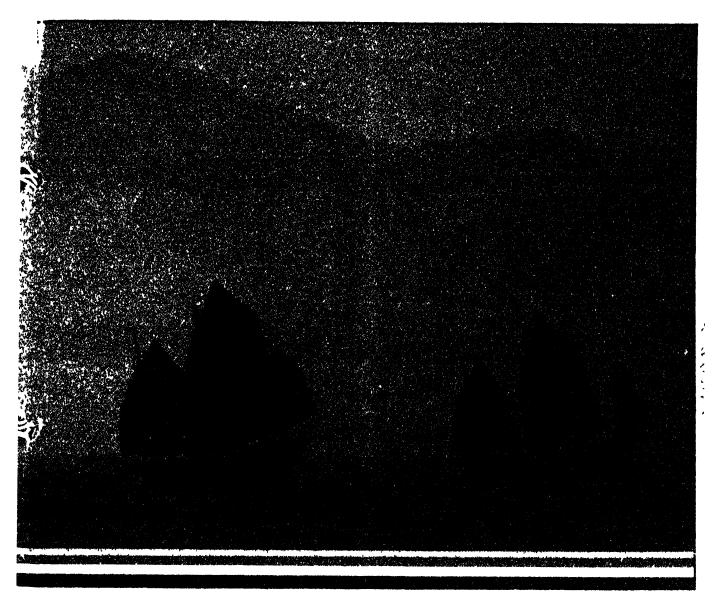
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The Giant Panda needs your help to survive.

O'N' I every eighty to a hundred years the bamboo forests in China's Sichuan Province burst into flower and then dic off. And that's bad news for the Giant Panda, which depends for its survival on huge amounts of bamboo.

But that's just one of the problems facing the Panda

lo ensure that it has a future it is vital to preserve the complex ecosystem in which it lives, to carry out research into its dietary needs and investigate possible alternatives, to discover the reasons for its low repro-

ONG every eighty to a hundred duction rate, to study the problem of internal parasites—all these factors and China's Sichuan Province burst into many more which threaten its survival

Recognition of the urgent need to solve these and other problems has resulted in a unique and historic partnership between WWF and the People's Republic of China

WWI has agreed to contribute US \$1,000,000 towards a total of about US \$3,000,000 needed by the Chinese Government to mount a major Panda Conservation Programme This includes construction of a research and conservation centre in the largest of

the Panda reserves – Wolong Natural Reserve in Sichuan Province

A team from WWF, led by the distinguished cologist Dr G Schaller, is already at work in Wolong together with top Chinese scientists under the leader ship of Professor Hu Jinchu

I he Giant Panda is an endangered animal It is also the symbol of WWF's worldwide conservation efforts to save life on earth

But WWF needs money - your money

Please send contributions to the WWF National Organisation in your country or direct to

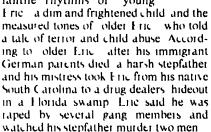


Behavior

The 27 Faces of "Charles"

A Florida clinic encounters a rare multiple personality

Dazed and bruised from a beating Eric 29 was discovered wandering around a Daytona Beach shopping mall on Feb 9. He had no ID and acted so oddly that ambulance workers who took him to a nearby hospital assumed he was retarded Fransferred six weeks later to Daytona Beach's Human Resources. Center Fric began talking to doctors in two voices the intantile rhythms of young



One day in late March an alarmed counselor watched I ric s face twist into a violent snarl. Fric let loose an unearthly growl and spat out a stream of obscenities. It sounded like something out of The Exorcisis says Malcolm Graham the psychologist who directs the case at the centre. It was the most intense thing I verever seen in a patient. That disclosure of a new personality who insolently demanded to be called Mark was the first indication that Graham had been dealing with a rare and serious emotional disorder true multiple personality. So far some



200 cases have been recorded Among the best known are I ve of the 1957 book and movie The Three Faces of The Sybil a Midwestern woman who developed 16 personalities and William Milligan the Columbus rapist who was arrested in 1977 and diagnosed as having ten personalities Multiple personality is a form of hysteria often following

a severe trauma in which a victim creates fictional identities out of fears dangerous desires and incomplete identifications with real-life people

Fire's other manifestations emerged over the next weeks quiet middle-aged Dwight the hysterically blind and mute Jeffrey Michael an arrogant jock the coquettish Tina whom Fric considered a whore and argumentative Phillip the lawyer 'Phillip was always asking about Eric's rights,' says Graham He was



kind of obnoxious Actually Phillip was a pain

To Graham's astonishment Fric gradually unfurled 27 different personalities including three females one of whom was a lesbian. They ranged in age from a fetus to a sordid old man who kept trying to persuade Fric to fight as a mercenary in Haiti. In one therapy session, reports Graham Eric shifted personality nine times in an hour. I felt I

was losing control of the sessions—says the psychologist—who has eleven years of clinical experience—Some personalities would not talk to me—and some of them were very insightful into my behavior as well as Eric s

Most of the personalities interacted

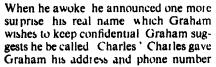
Cyc a religious mystic once left a comforting note for Eric I he pushy Michael who loved rock music, hated I ric's classical records so much that he yanked the wires from a stereo Eric defended the menacing Mark. Mark never hurt anybody he said one day. He is just there to scare other people off when they get too close. I ric referred to his troupe of personalities as his talking books. One of the characters was a librarian named. Max

who occasionally announced a sudden personality change by saving. One of the books just fell off the shelf

All the personalities knew about Ences terror of David his stepfather. When Eric said he had seen a member of the drug gang near the therapy center. Graham moved to protect his patient by legally establishing a new name for him. Michael Frie Sontag.

By last month. Graham's talk therapy and hypnosis had apparently rid his patient of many of the personalities. Then one more appeared a sophisticated overbearing fellow, known by the initials

TK who hated Criaham and twice got into fistights so fierce that Eric found himself in the hospital Criaham alarmed at the birth of a new character when old ones seemed to be fading protested strongly to Eric that TK endangered the new legal identity. That night TK committed suicide by drinking a single beer. The next morning a friend found Eric in what appeared to be a drugged state.



in Texas The German parents, the wicked stepfather and the Florida dope rings were all fiction. Charles then said he came from a middle-class home was once captain of the high school swimming team a sports editor of the school paper and a bright student. He told clinicians that he had a nervous breakdown in his senior year caused.



by his failure to prevent an abortion by a black grilfriend. The lived through hell. Charles said. I'm surprised I didn't go crazy except perhaps I was already there.

Charles who now lives in a Daytona Beach apartment seeins to have entered

into an uneasy pact with the personalities he still shelters. Not long ago he was sore all over for three days because Michael the jock, went for a 15-mile jog. I can see they we really had fun these last nine months. he says of his many selves. They have been fighting among themselves and not worrying about me at all. I hey let me shave and then they go out. Recently, each time Charles has tried to walk to the library to research multi-

ple personalities he has blacked out and changed into another character. I ric has read *The Phree Faces of Lie* and leaves a copy in the apartment, but Charles won t read it. I want to get rid of all of them but I don't want to upset them either says Charles. I'm afraid one of them will come out and won't let me come back.

Graham thinks therapy has been encouraging and has begun talks by phone with Charles parents who still live in Fexas. Only two weeks apo. I ric emerged and plaintively said he wanted to leave. I feel so lonely now. I ric complained But Graham who once mis-

Daytona Beach

takenly thought I ric was the core personality is understandably cautious about whether even Charles is the real thing. The third face of I verpresent ed as the benign core personality in that book and film turned out later to be a sham. I verwent through 17 more years of torment from 19 other personalities before her find cure in 1974.

By John Leo Reported by William McWhirter/



Economy & Business

The Volckernomics Puzzle

High hopes for lower interest rates cause another wild week on Wall Street

as it the long-awaited end to three years of tight money and high interest rates or was it a risky short-term maneuver by the I ederal Reserve Board to bolster the alarmingly depressed US economy' Would interest rates continue falling or would they soon begin inching up again? Those were some of the questions businessmen investors and economists asked last week as the stock market leaped then lurched, and interest rates plunged then firmed

The cause of all the questions was the belief that the Federal Reserve had decided to lower interest rates in an attempt to stimulate economic growth Discussion about a possible policy change had been building on Wall Street and among economists since midsummer as ana-· lysts looked at the steadily deteri-, orating economy and worried about a looming depression unless interest rates dropped quickly. Said Steven Linhorn a vice president and market strategist for the investment banking firm of Goldman Sachs & Co We reasoned that the Fed would have no choice but to ease up because

simply too serious to contemplate

Iwo weeks ago the Open Market Committee the Federal Reserve, policymaking group voted in effect to confirm that it was temporarily loosening up on tight-money policy so that the economy could begin growing more rapidly. Said one official somberly. We could not afford to wait another five or six weeks Although he insisted that this was only a minor technical change with zero policy significance Tederal Reserve Board Chairman Paul Volcker confirmed the shift during a weekend meeting of business leaders in Hot Springs Va

The effect on Wall Street was stunning Barton Biggs chief investment strategist for the Morgan Stanley & Co. investment banking firm was enthusiastic. This now raises the chances of a normal recovery with 6' c or 7' c real economic growth next year along with declining interest rates and inflation. In other words we may end up with the best of both worlds

As soon as the New York Stock Exchange opened for business last Monday, buy orders poured in by the thousands At day's end 1385 million shares had changed hands driving the Dow Jones industrial average up 25 94 points. For the first time in more than a year, that closely watched index finished above the 1000 level, at 1012 79. As the week progressed big institutional traders like banks and pension funds were joined by more and more individual investors, who streamed in to catch the action

But by Thursday the rally had started to lose steam, sending the Dow Jones index skidding more than 18 points. By week send the Dow had slipped below the

16.5% July 20 July 29 Aug 2 Aug 16 the consequences of not doing so were _ Aug 18 14 Aug 23 Oct 7 **PRIME RATE** % per year, effective date of rate change

> 1000 level closing at 993 Meanwhile analysts had begun to warn that little was fueling the buying binge except the fervent hope that lower interest rates would eventually lead to economic growth

> The Reagan Administration welcomed the shoot-the-moon investment frenzy even if it might turn out to be fleeting Treasury officials predicted that lower interest rates would clear the way for at

least a modest recovery in 1983 Said one top Treasury Department official "The logiam has been broken I do not think the Fed has changed course significantly, but if this is the psychological reassurance the market needs, we'll take it

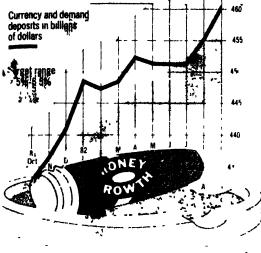
For Wall Street investors of course the easing interest rates were visible proof that there had been a shift in the policy adopted by Volcker three years ago this month At the time the Fed chairman had declared that he would henceforth place less importance on regulating the level of interest rates in the economy and attempt more directly to control the growth in money. He argued that such a program was essential for bringing down the runaway inflation that was destroying the value of the dollar abroad and creating chaos in the U.S. economy

Critics quickly dubbed the policy Volckernomics and accused the Federal Reserve of fostering recession and unemployment through high interest rates. In its primary goal of curbing inflation, the approach has been dramatically successful. The annual rate of inflation as measured by the consumer price index has gone from 15% in the autumn of 1979 to about 5' at present. In September prices charged by producers actually declined at an annual rate of 1.7% Market watchers have in fact been noticing a shift in Federal Reserve policy for several weeks. The central bank has chopped the important discount rate which is what it charges banks to borrow money from 14% a year ago to 95% the lowest level since June 1979 In addition the Federal Reserve has allowed the money supply to expand during the past month

at an annual rate of 145% which if permitted to continue will force average growth rates far above the Fed's own official 5.5% target

As a result of this loosening of money policy the cost of funds borrowed from the Federal Reserve by commercial banks has begun to drop enabling the banks to cut their rates to customers. The prime rate that banks charge corporate clients stood at 16.5% in early July before starting to decline Last week it fell another percentage point to 12% its lowest level in more than two years

The dilemma for the Fed now is just how long the money supply can keep on growing rapidly before inflation begins to heat up After all, monetarists have long contended that it was excessive money



TIME Charts by Rende

growth during most of the 1970s that fueled the high inflation of that decade. Indeed if the economy is perking along and prices are beginning to inch up early next year, the Federal Reserve may find that it will have to tighten credit in order to preserve its hard-won gains in the price fight. That some economists fear could force

interest rates back up and abort a recovery before it really takes hold

On the other hand, if inflation picks up and the Federal Reserve does not act investors might see it as a signal that the central bank is no longer concerned about inflation. That, in turn could lead to a loss of confidence in both stocks and bonds, forcing securities prices down and interest rates back up all over again. Notes H. Erich Heinemann a monetary analyst for Morgan Stanley & Co. 'I think there is a palpable risk that real interest rates will begin rising again before. Thanksgiving and that if this happens, the nascent economic recovery could quickly dissipate.'

A growing number of economists are now beginning to disagree asserting that the very weakness of the economy leaves plenty of room for the Federal Reserve to expand monetary growth without risking inflation Some, however are uncertain just how willing the Fed will be to apply the stimulus necessary Says David Levine chief economist for the investment firm of Sanford C Bernstein & Co 'It is one thing to ease aggressively when the economy is in the tail end of a recession and another to maintain an accommodative posture when the economy is in the sixth or ninth month of recovery and the money supply is far above target

Federal Reserve officials agree that at least some easing of monetary restraint is possible without refueling inflation because the economy remains so weak. Unemployment stands at 10 1%, US factories are operating at less than 70% of capacity, and last week the Government announced that industrial production in September fell 6%. Those officials argue that even with some easing on rates, business will grow only moderately next year. Said one top policymaker "We believe that if you do not run an overheated economy we can continue to make progress on inflation."

While welcoming the lower rates, some Federal Reserve critics were skeptical about the timing, suggesting that the new policy was an election-year ploy Said Allan Meltzer, a professor at Pittsburgh's Cainegie-Mellon University. This could be a political move to help the Administration just before the congressional elections. Fed officials bridle at such statements. Said Volcker. That pre-election easing has somehow become part of American folklore."

In private Federal Reserve staffers insist that it was only the pressing weakness of the economy and the confusing signals coming from their own statistics that led them to act

The confusion is caused mainly by the maturation of \$31 billion in All Savers Certificates beginning this month, which is now distorting the figures for money growth Meanwhile, Federal Reserve aides had little but disdain for what they regarded as Wall Street's overreaction Said one top Fed official. 'The traders are like sheep. They are afraid of looking silly by being left behind so they all move together.'

Three years ago Paul Volcker set out to bring about a major decline in inflation



Federal Reserve Chairman Paul Voicker Now facing the toughest task of all

without causing a collapse of the economy. The fight against inflation has gone well, but the cost has been high in terms of slumping output and surging unemployment. Now Volcker faces the toughest task of all to ease interest rates and stimulate growth without firing up inflation all over again. — By Christopher Byron. Reported by David Beckwith/Washington and Adam Zagorin/New York.

Tiptoeing Back into the Market

rwin Halper 35, the part-owner of a paper-goods company in New Jersey, put his money into tax-free bonds for several years and, more recently, into All Savers Certificates to take advantage of high interest rates. With the stock market shooting up, Halper last week called his stockbroker at Shearson 'American Express and placed a buy order. Said he "The yields were no longer attractive so I decided to buy about \$35,000 in blue-chip stocks." Millions of small investors left the market in the long bear market of the early 1970s, but many of them are now coming back slowly

In Red Oak, Iowa (pop 6,800), Stockbroker Winfield Mayne's customers are keeping him busy twelve hours a day with requests for tips and quotes. Says he 'I think the more sophisticated investor here knows he missed the first run-up in August and he doesn't want to miss this one too "Says C. Derek Anderson, president of his own discount brokerage in San Francisco." Most definitely the little guy has come back into the market."

Trading in 100-share blocks on the New York Stock Exchange one frequently used measure of small-investor activity, accounted for 10.5% of all orders in April 1973, but by last August it had slid to 1.7%, a historic low. In September however, small-block trading turned significantly upward for the first time in more than two years.

Nonetheless, many individual investors continue to wait on the sidelines. Some are even taking advantage of the high prices to sell shares. Says William Rajsky a Merrill Lynch account executive in Peoria. Ill. 'This is not the usual market. The little guys aren't buying, they're selling.' Fred I raenkel director of investment strategy for E.F. Hutton, who analyzes the habits of his times 850,000 customers agrees. Says he 'So far the buying orders have come almost exclusively from institutional and foreign investors. The cash customer, on the other hand has been a net seller."

The heavy losses suffered during the early '70s still haunt many investors. I ec Astorino, 34, a gardener in Hawthorne, Calif., began buying stock in 1972, and he even picked a few winners for a while. But the value of his holdings in American Airlines fell from \$28 to \$7 a share by 1974, and he lost thousands of dollars. After the latest raily began earlier this month, Astorino decided to take another plunge. He paid \$4 each for 200 shares of Photo-Control Corp., a maker of specialty camera equipment. As the market gyrated wildly last week. Astorino was very nervous. Said he "I'm just a little guy who can't afford to lose a lot. I see no reason for the market to go up, but thank God, that's what it's doing."

Economy & Business

ITALY

Algerian Gas

The other pipeline row

hen Italy proposed buying natural gas from Algeria in the early 1970s the idea seemed perfect. True a 1,550mile-long sub-Mediterranean pipeline linking North Africa and Sicily would be difficult to build, given the depth (up to 2,000 ft) and fast currents of the 100mile-wide channel But experts insisted that the project could be brought off, and so it was Operational last year at a cost of \$3 billion, the pipeline is a technological masterpiece---and a white elephant. Since it was declared open in December not a single cubic foot of Algerian gas has moved through the line The project has become a major political embarrassment that in Rome at least has pushed controversy over the Soviet-Western Furopean natural gas pipeline to the sidelines

The trouble centers on Algeria's attempt to renegotiate the terms of the deal well after the project was under way. Under the original 1977 contract, the gas price was set at \$1 per million B T U s and indexed to the price of refined oil. On this basis the gas should sell today for \$2.70 But beginning last year Algeria suddenly demanded \$5.50 That, insisted FNI Italy's state-owned oil company would make the deal too expensive as a result.



Algerian and Italian officials sat down to renegotiate 1 ast month they announced a new pact and a new price \$4.41 "It's a wee bit too much," moaned Rome's leftist daily La Repubblica but they have us over a barrel

Indeed the Algerians do Italy's longstanding plan to diversify away from imported oil is keyed to increased natural gas supplies. Currently the country imports 229.5 billion ou ft of gas annually from The Netherlands a similar amount from the Soviet Union, and 70.6 billion ou ft from Libya. The projected 440 billion cu ft that the Algeria-Italy line would have delivered by 1986 is a vital ingredient of the diversification scheme, expecially since Italian natural gas consumption is expected to increase 50% by 1990 Even if Italy bought gas from the Soviet Union—and it has yet to agree to do so—a gap would remain

Nevertheless the new price pact faces strong criticism. Though the Italian government estimates that a fair commercial price for the gas is about \$4.01 per million B T U s today and has offered ENI a rebate the state oil company insists that the new agreement is a bad one. After adding the cost of pipeline depreciation and of royalties to Tunisia (through which a land section of the line passes). ENI estimates the real price per million B T U s at \$5.15 or \$1.53 above the going Italian rate.

Still, in Rome the arguments for reaching an agreement with Algeria are compelling and last week the govern ment was hastily preparing a formal decree that will spell out the terms and size of INI's rebate. Nondelivery of Algerian gas creates a serious energy gap, and nonuse of the pipeline means a loss of \$100 million a year Moreover Algeria has made it clear that other trade with Italy will depend on a gas agreement, at stake is an estimated \$3.5 billion worth of Algerian contracts for Italian firms. I ven if ENI still objects, these financial trump cards will probably ensure Algeria's victory in the price showdown

Dam Nation

Uproar over a costly barrier

Polder board in Leeuwarden is worried 'The dike here is nothing more than a layer of sand he says. If we get a big storm it's going to break. I hat's for sure.' His concern is well-founded. Today 186 miles of The Netherlands. 807 miles of sea dikes are deteriorating, but the government does not have enough money to repair them. Instead. Holland is spending billions on a single barrier that in.

the opinion of some experts may not even work

The 5½-mile-long dam across the Eastern Scheldt, a major estuary 40 miles southwest of Rotterdam was to have been the centerpiece of the Dutch delta project. That 25-year-old scheme envisaged ten dams that would seal the entire 3.600 sq mi of low-lying delta from the sea. Most of the project has been completed. But the stormsurge barrier over the Eastern Scheldt is one year behind schedule and some 14½ over budget.

A major problem with the barrier is its design. Unlike the other dams, which are fixed concrete barriers, the Eastern Scheldt dam will have 63 locks that can be opened to allow free movement of the tides and closed when a storm threatens. The original plan was for a conventional dam that would have cost \$360 million. But to satisfy conservationists who objected that flora and fauna would be harmed if the tidal flow were stopped, the government of Socialist Prime. Minister Joop den Uyl in 1974 backed the idea of the flood locks. Parliament bought the plan on the understanding that it would be completed before 1985 and cost no more than \$1.5 billion. But the legislators were not told that \$200 million had already been spent on



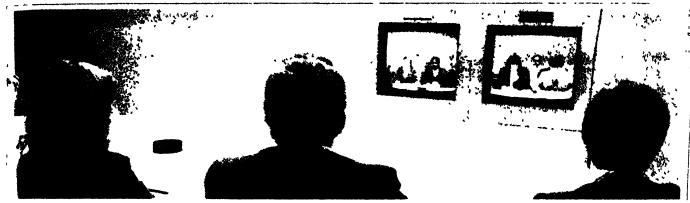
crete barriers, the Eastern Scheldt Glant concrete pillars of the uncompleted storm-surge barrier

preparations for a conventional dam among other things. Allowing for inflation a realistic projection would have been \$2.55 billion.

Because the project involves untested engineering techniques there have been numerous problems. The seabed, for instance proved too soft to support the 16 000-ton freestanding concrete pillars to which the locks are attached so giant plastic-and-metal mats had to be lowered into place. One of the mats was severely damaged last week by a special rig that was attempting to clean it and now the dam is not likely to be completed before

AND 1986 at the earliest. The estimated cost has climbed to \$2.9 billion and is still rising. Worst of all, engineers are worried that strong seas could shift the pillars and jam the locks.

A parliamentary inquiry has been ordered and the country's coastal residents are furning. The Eastern Scheldt dam the government admitted last August has swallowed so much money that repairing the nation's other dikes has been postponed until 1995. In the meantime, Rijpma and his neighbors must keep an eye on the flashing ted lights installed at farms near suspect dikes to signal a break—and be prepared to run for their lives.



Reach out and touch someone: executives using A T & T teleconferencing centers in New York and Los Angeles to hold a long-distance meeting

New Bells Are Ringing

Phone companies begin offering a dazzling lineup of services

hat Henry Ford said of his famed Model T had long been just as true of the telephone. Americans could have it in any color they wanted as long as it was black. Those plain hardy phones later evolved into a rainbow-hued array of shapes and sizes but the instrument's electronic heart remained essentially unchanged. Now however the familiar telephone is undergoing tapid and dramatic improvements. Among them

Mobile Phones. Ldward Bennett Williams the famed Washington trial lawyer and owner of the Baltimore Orioles baseball team spends an hour and a half a day making calls from his new automobile and carry-along phones Says he It's a sensational improvement over the old mobile phone When I heard about this I went for it like a bear going for honey

Teleconference Calls. If Selby Shaver communications director for Allstate Insurance Co. in Northbrook, Ill., urgently needs to convey some complicated information to a regional office in Menlo Park Calif., he sometimes holds a teleconference Shaver merely steps from his office into a room equipped with television cameras and shows his distant colleagues what he means during a televised phone call Says he. It's the next best thing to being there

Voice Mail. When advertising executives in Doyle Dane Bernbach's San Francisco office want to reach staffers traveling around the US or Lurope they simply tap out a telephone number and leave a message in an electronic "voice mailbox a kind of computerized answering service Later the traveling employees can listen at their convenience Says Executive Vice President Brice Schuller. Most of us are usually on the go so we just dump a message into a guy's phone mailbox and he can step into any phone booth and get it."

Some of the technology for the new telephone equipment has been around for years. The predecessors of the picture phones used in teleconferencing were first seen at the New York World's Fair in 1964 But the voice mailboxes are based on new developments in computers. And all the new phones are part of the drive to increase white-collar productivity.

The wealth of new services has already triggered battles among companies sying for position in fast-growing markets. One of the hottest fights is over mobile phones, which could grow into a \$10 billion industry within a decade. In June 194, applications, flooded, the Federal Communications Commission to provide the service in the 30 largest U.S. cities Applications for the rest of the country will be taken through March.

Mobile phones were first introduced in 1946 but they have been confined to a tiny number of people because all calls had to be handled by a single transmitter In New York City for example there are currently only 700 car phones. New technology now on trial in Chicago and Washington makes it possible for an urban area to have a network of transmitters each covering a 13- to 300-sq-mi cell Computers then switch calls from transmitter to transmitter as customers travel around town Result crisp, clear reception rather than the weak fading connections characteristic of earlier mobile phones New York City might eventually have up to 250,000 car phones. Some of the new phones could also be portable



Edward Bennett Williams making a call "I went for it like a bear going for honey

hand-held units no bigger than a pack of cigarettes. The new service will initially cost from \$2 500 to \$3,200 for the equipment plus additional monthly charges that are expected to run \$30 or more.

Telephone officials believe that teleconferencing will finally make picture phones a commercial success. During a teleconference business people sit with microphones around their necks in softly lit carpeted television studios and talk with colleagues in similarly outfitted rooms in other locations. Computers translate all voices and images into telephone signals and send them via satellite and conventional lines between the different rooms, where the participants can see one another on color monitors. These electronic meetings can save executive time travel, and wear and tear

A T & T opened its first two teleconferencing centers in New York City and Washington in July. The company plans to have eleven public studios operating by January up to 42 by the end of next year. A one-hour session between New York and San I tancisco is \$2,300 an hour times can install their own facilities for about \$230,000 plus a monthly rental fee of nearly \$12,000.

Voice mailboxes were spawned by the pesky problem of telephone tag when employees keep missing one another and accumulate piles of call-back memos. It a person is busy or absent a computer takes a message and plays it back at any time. The same message can also be sent to hundreds of people simultaneously American Express Atlantic Richfield and Westinghouse now use voice mailboxes Gordon Matthews chairman of Richardson Texas-based ICS Telecom munications developed one of the first voice mail systems, which was installed at the headquarters of the 3M company in St. Paul in 1980 IBM and Wang Laboratories are now offering similar computer phone systems. Typical cost \$525,000 for a network serving up to 3.000 users

While the new equipment and services are expensive experts predict that costs will drop when the products go into mass production. And for customers with a touch of nostalgia, the new phones can even be black.

By John Greenwald.

Reported by Jay Branegan/Washington and Stephen Koepp/New York

Betting Big

\$2.1 billion for drilling rights

As seven inches of snow fell gently in downtown Anchorage last week. 1,000 spectators and representatives of two dozen oil companies crowded into the convention area in the International Banquet House They were there to hear bids announced for federal lease sales in the Beaufort Sea, which perhaps contains some of the richest untapped deposits of oil and gas in the US. The fields are believed to hold as much as 2.3 billion bbl of oil and 1.8 trillion cu ft of natural gas.

As the bids were opened one by one, Esther Wunnicke, 60, of the Minerals Management Service of the U.S. Department of the Interior, read them aloud The day's big winner turned out to be the Government, which is the recipient of the lease-sale money Congressional budget officials in February had estimated that the sale might bring in \$500 million or so. but when the counting stopped, 23 companies had offered \$21 billion for the right to drill on 125 tracts covering 660,000 acres of the outer continental shelf It was the most money ever bid at an Alaska offshore lease sale, but fell short of the record \$2.6 billion drawn in September 1980 for 116 tracts in the Gulf of Mexico

The highest bid was a \$227 million offer for a 5,700-acre tract submitted by a group of companies led by the Sohio Alaska Petroleum Co, an exploration subsidiary of Standard Oil Co of Ohio, and including Mobil Corp and British Petroleum Alaska Exploration Their bid for that choice tract far outstripped the \$129 million offered by Exxon and Marathon Oil, which was bought in March by US Steel Another group led by Texaco which is seeking to increase its holdings in the Prudhoe Bay region weighed in with the second-highest successful bid for a tract near the Sohio purchase \$219 million

The top prices were paid for land 18 to 20 miles off Alaska's northern coast, where geophysical tests strongly point to the presence of oil and gas. What is more these areas are only 40 miles or so from pumping station No 1 on the Trans-Alaska Pipeline, which was built to carry oil for the nearby Prudhoe Bay oilfields. That area was particularly attractive because it meant that only relatively short feeder lines would have to be built to get oil to the pipeline, which would carry it into U.S. markets

The Beaufort Sea bidding is part of an Interior Department plan begun during the energy-conscious days of the Carter Administration, but sharply accelerated and expanded by Secretary James Watt Watt's plan aims at opening a billion acres of the outer continental shelf to exploration during the next five years in the hope of finding oil that will make the

Economy & Business

US less dependent on imported crude Environmentalists, though, strongly oppose plans to drill on the outer continental shelf claiming they are ill conceived and hastily developed and will threaten an ecologically fragile area. In addition, the powerful Sierra Club argues that the Government could get far more for its leases if it held back from opening so much land so quickly. That would give prices time to rise and allow oil companies time to collect money to make even higher bids.

It was the lure of profits, more than any federal plan to make the outer continental shelf more accessible to drillers, that was primarily responsible for last week's heavy bidding Even relatively small oil companies had "saved their pennies" to make bids, as one oil-firm official put it

The Beaufort Sea area was attractive to drillers because it is one of the most promising areas remaining in North America Promise, however is no guarantee of success Oil companies in the past few years have spent about \$2 2 billion to



buy drilling rights in the Georges Bank and Baltimore Canyon off the Atlantic seaboard They have since spent an additional \$921 million exploring for energy, but have found nowhere near enough oil or natural gas reserves for commercial production

Last week's heavy bidding was even more noteworthy in view of the current wouldwide glut of oil that has driven down prices for gasoline and other petroleum products The oil companies, nevertheless, were looking ahead to the time when the surplus ends and prices once again rise A report published last week by the Parisbased International Energy Agency also looked to higher prices in the future. The organization's experts predict that oil prices will continue to decrease in real terms this year and next, but will begin to rise after 1985, when supplies dwindle and world economic growth picks up Any oil from the Beaufort Sea would not begin flowing until 1990, and the energy market may be very thirsty for it by then

Trade Warfare

Can sanctions ever work?

hile no American troops are currently in combat, the Reagan Administration is waging war on several fronts Rather than bullets or missiles, the weapons are economic sanctions. In response to the Polish government's outlawing of the Solidarity trade union, the Administration last week took steps to raise tailffs on imports of manufactured goods from Poland Over the past two months the US has also banned the sale of American energy technology to several European companies that are supplying such equipment to the Soviet Union for its \$10 billion gas pipeline

These actions have shaken the Atlantic Alliance and stirred anew the longrunning debate on whether trade sanctions are wise or even effective Outspoken criticism of the President's policy comes not only from Europeans but also from many American foreign affairs experts Said George Kennan, former American Ambassador to the Soviet Union, in a speech in I-rankfurt last week 'We must immediately and completely stop every type of economic warfare. The attempt to prevent or set back the entire economic development of another people has no place in the politics of a democratic state in times of peace '

Opponents of economic sanctions argue that such measures have been ineffectual and often counterproductive in the past. Much evidence to support that view can be found in Economic Sanctions (Harvard University Center for International Affairs, \$9 95 paperback) a timely new historical survey by British Diplomat Robin Renwick The book dispassionately examines numerous episodes of economic warfare, including the League of Nations trade restrictions against Italy following its 1935 invasion of Ethiopia and the US embargo of Cuba after Castro came to power in 1959 As a former head of the Rhodesia department of the British Foreign Office, Renwick brings particular insight to his discussion of the 13-year United Nations effort to topple Rhodesia's white government through a trade embargo

Renwick's study shows that sanctions can seriously damage the economy of a target nation. Italy s exports fell about 35% after the League of Nations action Rhodesia's tobacco farmers, heavily dependent on sales abroad, suffered a two-thirds cut in their income Cuba's economy stalled in part because the country could not obtain spare parts for American-made machinery

Nonetheless, these countries displayed impressive adaptability and resilience Because the sanctions were never imposed uniformly by all nations, the target countries evaded the embargoes and avoided economic collapse by rerouting their trade through sympathetic allies or neutrals. Italy bought vital oil supplies from the U.S. which was not a member of the League of Nations. Rhodesia funneled chrome shipments and other exports rough South Africa and Mozambique, here they were resold to other countries. Tuba eased its economic troubles by accepting aid from the Soviet Union.

Whatever punitive economic impact sanctions may have, they have almost invariably failed to achieve their political goal to change the conduct of an offending government. The League of Nations embargo did not force Italy to withdraw from Ethiopia Instead as Renwick notes, the pressure "stiffened Italian resolve"

Rhodesia was ultimately strengthened in some ways by trade sanctions because the country was forced to develop its own industry to manufacture such essential products as railway cars and steel tubing 'In the decade from 1965 to 1975," writes Renwick the Rhodesian economy was transformed from virtually



Diplomat and Author Robin Renwick

total dependence on the importation of manufactured goods in exchange for raw materials to a remarkable degree of self-sufficiency in most areas except oil and industrial plant and machinery. It was a spreading guerrilla war rather than trade warfare, that finally forced the white regime of Prime Minister Ian Smith to step down in 1979.

Despite the lackluster record of embargoes, Renwick argues that they have a useful, if mainly symbolic, purpose They are often the only way short of war, for one nation to express its outrage at the conduct of another Concludes Renwick "To abandon altogether the idea of recourse to sanctions in response to acts of aggression or other flagrant violations of international law would be to reduce the choice of response to one between military action and acquiescence—an unattractive choice at the best of times and particularly so in a nuclear age That said, Renwick cautions against any great expectations about what sanctions can accomplish

Hole in the Ground Inc.

For rent two abandoned subwas tunnels that stretch for nearly two miles some 50 feet beneath the streets of Manhattan They are dark dank and almost inaccessible Present occupants are a few rats. If interested contact New York's Metropolitan Transportation Authority

Though the pitch was not phrased in exactly that way, the MTA did indeed offer last July to lease two vacant subway tunnels to 'an imaginative entrepreneur' Now Vital Records Inc of Raritan, NJ thinks that it has enough imagination. The company, which stores financial records on computer tapes and microfilm for 50 of the largest US corporations proposes to convert the tunnels into a vast underground filing cabinet.

If its offer is accepted the firm will have to install a computer-controlled file locator system and conveyor belts throughout the tunnels in order to turn them into a vault Cost an estimated \$2 million Despite those expenses, subterranean storage is expected to cost only \$1 per sq ft.compared with up to \$50 per sq ft for aboveground space

Cheap Detectives

Philip Marlowe got \$25 a day plus expenses That was a fair amount of money in 1946, when Humphrey Bogart portrayed Raymond Chandler's fictional private eye in *The Big Sleep* Marlowe would be stunned by what inflation has done to the price of detective work Today, the typical gumshoe charges at least \$35 an hour for snooping and stakeouts

Thinking that the public must be in great need of cut-rate sleuths. Deanna Short, a former policewoman, opened the Cheap Detective Agency a year ago in Anaheim, Calif She borrowed the name from the title of a 1978 Neal Simon movie in which a bumbling Peter I alk spoofs Bogart For \$15 an hour Short's 22 male and female investigators will shadow a wayward wife track down a tunaway teen or collar an embezzlet. The agency has already had nearly 1 000 clients When a Los Angeles retailer hired her firm to crack an internal theft ring one of the Cheap Detectives posed as a store employee and gathered evidence that led to 35 arrests

Short who prefers casual jerseys to trench coats, began her undercover career 14 years ago when she posed as a drug user or sometimes as a prostitute for the narcotics and vice divisions of the Buena Park, Calif, police department. She says



her investigators are less expensive than her competitors because she hires inexperienced young people and trains them herself. Business has been so good that Short is opening a new branch in San Bernardino, Calif and even has visions of franchising her discount detective agency.

Jockey's Panty Raid

There are a few products that have an unmistakably masculine identity. Old Spice cologne and Bull Durham pipe tobacco for example. Another is Jockey briefs. Thus an unsuspecting shopper who picks up the newest pair of Jockeys might be startled to find briefs that sport a daintily sculpted waistband and distinctly feminine styling. Another symbol of macho marketing has fallen.

Jockey International which began making men's underwear in 1876, is now planning to offer undergarments for women. The company claims that the move is logical because women are already loyal to the brand since they buy at least 70% of the shorts worn by their husbands or sons. I ike men's briefs. Jockey For Her panties will be made of no-shrink cotton. None of that lacy silky stuff. Jockey President Howard Cooley says the product will be very feminine even if it's not highly sensual.

The initial response to Jockey For Her briefs has been so successful that the company has decided to skip test marketing and introduce them beginning in November in Milwaukee Dallas and Los Angeles Jockey is considering whether to have a famous female athlete or celebrity model the new product just as Baseball Star Jim Palmer poses for the male briefs

TORER 25 1982 55

Did You Ever See a Boat Walking?

FITZCARRALDO Directed and Written by Werner Herzog BURDEN OF DREAMS Directed by Lev Blank

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possible It seduces challenges obsesses him It lures him to forbidden kingdoms, from the Sahara to the Amazon where holy mishts are given the chance to realize or cheat their destinies. The risks this German film maker takes—with his subject matter with his and his company's safety, with an audience's willingness to accede to his demons—make a teckless ad-

Herzog up the Amazon

from a lost civilization

Herzog's compatriots gimlet-eyed burghers such as Volker Schlondorff Wim Wenders and the late Rainer Werner Lassbinder made their mark by re-

fracting the cynical spirit of postwar Germany through a lens as hip as the new Hollywood's Herzog renounces the rubble and babble of his homeland none of his nine fiction features is wholly set there Instead, he is drawn to legends and nightmares. In Aguire the Wrath of God (1973) a Spanish officer of the 16th century dreams of conquering South America and ends up alone on a raft, blithe and demented lording it over some monkeys. In The Mystery of Kaspar Hauser (1975) a young man appears in a Nuremberg square in the 1820s with no recollection of his past, the townspeople attempt to civilize Kaspar treating him as their pet

(1976) a mountaintop savant predicts the fall of a small village's glass industry panic and madness ensue. Herzog paints his pictures in colors as vivid as dream life and instructs his actors to proceed with the elegant gravity of silent-film stars. Aguire. Kuspar and Heart of Glass are three solitary landmark films of the past decade.

In contrast with these soul struggles, Fitzearraldo must have seemed like a shaman's summer vacation when Herzog conceived of it five years ago. He would return to the Peruvian Amazon not too far from where he had filmed Aguirre to shoot a summer version of that pathetic tale At the end of the last century, an entrepreneur named I itzcarrald dreamed of bringing his passion grand opera, to the savage Indians upriver to fulfill his dream and with the Indians help he lugged a small riverboat across a narrow strip of land that separated two tributaries of the Amazon. It was a feat of autocracy and artistry of engineering and enlightened madness a readymade metaphor for Herzog's kind of film making. The movie would also be his first 'big production with financial help from Coppola and with Jack Nicholson as the star

Nothing worked out As is shown in Burden of Dreams Les Blank's documentary on the making of Fitzcurialdo everything went wrong Herzog was caught in the crossfire of a border dispute between Ecuador and Peru and in a war of neighboring Indian tribes. The German branch of Amnesty International published charges that Herzog had conspired in the



Fitz watches his ship move up a mountain

imprisonment of four Indians Jason Robards who succeeded Nicholson as the movie sistar was struck with amoebic dysentery six weeks into shooting and because his scenes would have to be reshot with another actor Co-Star Mick Jagger had to bow out to prepare for the Rolling Stones US tour The longest drought in the region's recorded history prevented Herzog's ship from navigating its prescribed course. The film was shut down twice Said the besieged writer-producer-director. I shouldn't make movies any more I should go to a lunatic asylum. This is not what a man should do with his life.

Typically Herzog connived to make his life more difficult. He could have shot *I itzcarraldo* within a day's travel of Iqui-

tos a port city with sufficient amenities, instead he took his crew hundreds of miles into the jungle The historical Fitzcarrald's riverboat weighed 30 tons and was transported overland in 14 or 15 pieces the steamboat used in the movie weighed 320 tons and would have to be dragged in one piece Herzog's engineer demanded that the boat's inclination up the hill be no more than 20" when Herzog insisted it be 40' the engineer quit. predicting a 70% chance of catastrophe Replied the film maker 'If I abandoned this project I would be a man without dreams. I live my life or I end my life with this project ' Like his heroes, Herzog tempts fate as much as fate tempts him

Herzomania is traced



their lab rat, their ignorant Klaus Kinski as Fitzcarraido, "conquistador of the useless" savior In Heart of Glass A feat of autocracy and artistry, engineering and madness

carefully enough in Burden of Dreams, now released in its complete 94-minute version after being shown truncated in June on PBS. The company must import find bottled water, spare parts that often not fit and, for the idle crew, prostites In a precious outtake Mick Jagger, is Robards' half-wit nephew declaims he opening speech from Richard III with berserk authority Herzog, suffering his own winter of discontent, displays the ip of an arrow that almost killed one of his extras. Maybe I will give it to my little son "he muses." He will be excited to know this went through the neck of a man."

But there is also a film called Fitzcarraldo and if it lacks the magnetic obsessiveness of Herzog's three great films it is likely to be all the more accessible to a general audience By force of will Herzog has managed to create a helium-light adventure movie in which Fitz, the crazy white man charms the jungle's savage inhabitants only to be flummoxed by the bare-asses ' to his own final ironic amusement. The imagery is spectacular lush stark and delicate. A sky at dusk blends the colors of Munch and Rousseau Litzcarialdo's boat skims noiselessly over water as soft and mysterious as silk. Jungle melodies come virginal to the ear an unseen bird's distant wolf whistle or when I it/carraldo's axes fell a tree an ecstatic Wheeee! from the Indians that sounds like Munchkins celebrating the death of the Wicked Witch

itzcarraldo is unusual for a Herzog film in providing a gallery of delightful supporting performances Claudia Cardinale es Fitz's mistress Molly, radiates sensuality like a healthy year-round suntan Jose Lewgoy who plays an unscrupulous rubber baron takes immense and innocent pleasure in his character's venality. Miguel Angel I uentes the boat's mechanic is a huge ivory totem twice as large as Arnold Schwarzenegger and with three times the dark chaim Giande Othelo, who starred 40 years ago in Orson Welles unfinished film It's All True is the wrinkled old retainer of one of Fitz's broken dreams And steering the vessel through precarious waters is Klaus Kinski, once the psychotic stalker of Herzog's Aguirre, Woyzeck and Nosferatu now a Kodachrome picture of the imperialist as jolly fantast. It is one of the many odd pleasures of Fitzcarialdo to watch Kinski's 80 or so teeth, which are usually forged into a vampire's carnivorous sneer here forged into the semblance of a Teddy Roosevelt grin

Conquistador of the useless, a rival calls Fitzcairaldo Fitz says "I am the spectacle in the forest. This is Herzog falking of course not Kinski or Fitzcarraldo Or father Herzog is all his characters all his actors. He is the dreamer, the savage, the engulfing river. This time Herzog steered his craft through rapids and longueurs outside dangers and his own follies. A madman and a survivor a moviemaking Ahab who lived to tell his fabulous tale.

Medicine

Sharing the Nobel

A trio of winners pioneered research into prostaglandins

When Swedish Chemist Sune Bergström started to do research on prostaglandin in 1947, almost nothing was known about the hormone-like substance which had been discovered barely a decade earlier by his compatriot, Ulf S von Euler Even the name of the substance was based on the false assumption that it originates in the prostate gland Over the next 35 years, with Bergstrom leading the way, researchers discovered that prostaglandin (PG) is not one chemical but a whole family of substances found in almost every tissue of the body PGs it was learned are extraordinarily versatile and play a variety of roles in maintaining normal blood pressure and temperature, and

been isolated by the three Nobel winners as well as by other researchers PGs often work in antagonistic pairs. One, for example, lowers blood pressure, while another taises it. One dilates bronchial tubes a second constricts them. One promotes the inflammatory process, another inhibits it. A type called thromboxanes, discovered in platelets by Samuelsson in 1973, helps blood to clot, prostacyclin, a PG identified by Vane in 1976, is the most powerful natural inhibitor of clotting.

Some physical disorders appear to be linked to an imbalance of prostaglandins. Too little of a type that regulates gastric acid and protects the stomach lining has a tole in the development of ulcers. Too



Nobel Winners Bengt Samuelsson, Sune Bergström and John Vane toast their triumph

Prostaglandin research will bring about new drugs and a substantial attack on disease

in protecting organs from damage caused by disease, traumatic injury and stress

Beigstrom's explorations of this virgin territory earned him the sobriquet father of prostaglandin chemistry' and last week an even greater honor the Nobel Prize in Medicine The 66-year-old Swede shared the award and \$157 500 with two other pioneers of PG research Bengt Samuelsson 48 a former student of Bergstrom's and his colleague at Stockholm's Karolinska Institute and British Pharmacologist John Vane 55 of Wellcome Research Laboratories in Beckenham, England All three received the news in Boston where they were helping to celebrate Harvard Medical School's bicentennial. All three professed surprise at the early-morning call from Stockholm Though Bergström is chairman of the Nobel Foundation, the post is largely administrative and plays no part in the selection of prizewinners

Bergstioms groundbreaking discovery was that PGs are manufactured in the body from polyunsaturated fatty acids nutrients that are found in meat and vegetable oil More than a dozen PGs have

much of a PG that causes uterine contraction may provoke menstrual cramps. Other PGs play a part in arthritis, while leukotrienes, PG-related compounds identified by Samuelsson, are implicated in asthma

The direct use of both prostaglandins and substances that block PG formation looms as important medical therapy PGs have been used to treat ulcers and circulatory disturbances and to soften the cervix and stimulate labor for births and abortions Compounds that block PG formation have been used to iclieve pain caused by gallstones and menstruation. In fact, the most common pain reliever of all aspirin produces its effect by blocking the synthesis of certain prostaglandins, a discovery made by Vanc in 1971 that helped resolve the longstanding mystery of how aspirin works.

'In the next 20 years we should see a substantial attack on the disease process' says. Vane of future PG research. We will be able to find new drugs that have effects on cardiovascular disease on asthma on heart attack.' And even he predicts, on many of the ills associated with aging.

Maturing Early

A puzzle in Puerto Rico

he symptom is alarming to the par-The symptom is alarming to the affected ents and bewildering to the affected small children breast development in girls between six months and seven years old, and sometimes in young boys Ordinarily premature thelarche as doctors call the condition, is a rare disorder But over the past several years, doctors in Puerto Rico have reported more than 700 cases, mostly in children under two Some slightly older patients display a fuller range of adult sexual characteristics, including menstruation at age seven "When you see four cases a day of an uncommon condition then you know something is very wrong,' declares Pediatric Endocrinologist Carmen A Saenz de Rodriguez of San Juan Adds Dr Adolfo Perez Comas of Mayaguez "We are seeing children with deep emotional problems Their whole development, not only in the physical sense, has been accelerated

The villain, according to Sáenz and other Puerto Rican doctors could be the local food-beef, chicken and that fundamental childhood staple milk These physicians suspect that meat and milk producers are unlawfully using estrogen and related compounds, including the suspected carcinogen diethylstilbestrol (DES), to add heft to their animals High consumption of such chemicals has been known to cause premature thelarche and, say the doctors when patients are withdrawn from the suspect foods, nearly all recover within six to eight months The charges have triggered a spate of Government investigations, a volley of denials by the meat and milk industries and public panic that led to a temporary 30% drop in chicken sales and a



An acceleration of the whole development



A precociously mature seven-year-old girl Four cases a day of an uncommon condition

5.5% decline in the island's consumption of milk

So far attempts to assess the merit of the doctors' charges have been inconclusive. An FDA investigation in August found that two out of 17 poultry samples from Puerto Rico were 'suspect for estrogenic activity'. Despite this, says IDA District Director Lynn Campbell, the analysis has uncovered no evidence of the unlawful use or abuse of estrogen or hormone-like compounds'.

Saenz and her supporters insist that the Government is not looking hard enough A private investigator hired by the physicians in Puerto Rico reported that he found it easy to buy restricted vetetinary drugs containing estrogen including DIS "They say it's not for sale here," says Saenz "but there was plenty where he bought it" Indeed Veterinarian Jose Diez of the commonwealth department of agriculture confirms that 'all the large pharmaceutical companies and distributors peddle their wares to the breeders, not only estrogen but also antibiotics' What is worse says Diez "our breeders have no idea how to use them

Puerto Rico's meat and milk industries are concerned Kentucky Fried Chicken, Golden Skillet and others have placed full-page ads in local newspapers defending their products To-Ricos, a poultry company helped arrange for a TV appearance by a US Department of Agriculture meat inspector, who assured the public that it was safe to eat inspected local meat At a legislative hearing, Salvador Pizarro president of the Puerto Rican Farmers' Association, suggested that the estrogen controversy is a plot by food importers to destroy local production Meanwhile, the milk industry has threatened to sue Saenz and Pérez Comas

Sixteen hundred miles away from the maeistrom, investigators at the Centers for Disease Control in Atlanta are trying

to get to the bottom of the mystery In the past decade, there have been outbreaks of premature thelarche in the Middle East and Italy In the Middle East, the condition was traced to milk from a cow that had been getting DES injections, in Italy was linked to contaminated beef. But the cause is not always dietary, and symptoms often disappear within a year, whether or not diet is altered "The list of conditions that can cause this is fairly lengthy," says CDC Epidemiologist Jose Cordero In Poland, it was discovered in 1967 that parents working in birth-control-pill factories were inadvertently exposing their children to estrogen powder clinging to their clothes Elsewhere, insecticides, including DDT, have been associated with the disorder So far however the CDC has failed to uncover any link between the outbreak and Puerto Rican birth-controlpill factories which produce 90°c of the US supply Investigation of meat and milk samples and other possible culprits continues In the meantime the CDC has issued no specific warnings. Says Cordero 'We cannot give any recommendations to parents until we know the exact cause of the outbreak and that is why we are working hard on it'

New Wrinkle

Lasers for sags and bags

asers have been used to cut cloth, cauterize ulcers, measure air pollution and guide bombs. Now comes a new wiinkle laser beams for facelifts. A painless nonsurgical laser-beam therapy said to improve facial muscle tone was developed in the Soviet Union popularized in Europe, and is currently winning a large following in California and Florida. It slike taking your face to the gym,' says one satisfied customer. But according to the American Society of Plastic and Reconstructive Surgeons, it is more like being taken to the cleaners.

The method employs a very low-powered laser, somewhat like the one used to read price codes at supermarket check-out counters, and directs it at sags, bags and furrows. The full course of ten to 16 treatments can cost as much as \$1,000, and considerably more when the recommended monthly "booster" sessions are included Yet says Dr John Munna, chairman of the ASPRS committee for false and deceptive advertising. "all it does is run an electric current through the skin that heats up body tissue and produces swelling. When you produce swelling near a wrinkle, the wrinkle appears to diminish."

The FDA has sent letters to chiropractors, who operate the majority of lased clinics, warning them that the procedure cannot be advertised as "safe and effective" and that prolonged use of the laser near the eyes can lead to retinal damage Further action is hindered by the absence of complainants Says Munna "Try to get a patient to say, 'I went for a facelift, and it didn't work'"







The loneliness of two long-distance runners

Living

Showdown with an Ironman

An ordeal for athletes seeking the ultimate challenge

Her legs buckled and she collapsed in anguished fatigue. Three times she bulled herself up and staggered toward he finish line only to fall down again. Just a car length away from winning. Julie Moss. 23 sprawled helplessly on the round a fourth time as another woman an by her to win the race. Moss still relised to quit. She crawled hand over hand o grab second place. ABC's Wide World of Sports which covered the contest, considers its finish one of the most dramatic noments in the 21-year-old history of the program.

That happened in lebruary during he Hawanan Ironman a 1406-mile swim-bike-run race so bruising that alnost anyone would think twice about enering. Two weeks ago, Moss tried again. I his time she placed 14th in the women's livision crying as she crossed the line. It was humbling not being one of the top inishers" she said 'I thought I was a rinner That's what brought me back kurt Madden 27 a swim coach from San Diego who finished in sixth place, recalled the hysteria in the race "At the end, you're laughing and crying, he said Laughing because you've finished cryng because your body is breaking down Said Marine Major Gil Loomis 32, of Enunitas Calif who competed for the first me "You have to have a screw loose mewhere to do this

The Ironman is a kind of Super Bowl of the increasingly popular ultra-long-disance races called triathlons, contests consisting of three consecutive events. Five rears ago when the Hawaiian race was organized as the world's first triathlon, only 15 showed up to challenge its torturius course, which consists of a daunting

2 4-mile ocean swim an arduous 112-mile bike trek and a 26 2-mile marathon run The annual event was rescheduled from February to October, and race organizers had to turn away several hundred who wanted to compete allowing only 96 women and 754 men to tace

By December possibly more than 200 triathlons will have been held in the country. The swim-bike-run events are the most popular but the Tahoe Triathlon in April for instance featured cross-country skiing biking and kayaking.

The rules, distances and type of events may vary but all the triathlons have a common denominator pain. The United States Triathlon Series, a group of six long-distance endurance races along the West Coast this summer advertises its challenge with the tongue-in-cheek admonition. You've got to have what it takes because this will take all you've got. Julie Leach, 25 set the women's reord of 10 54 08 at this month's Ironman and then wondered if it wasn't really a

Pyrihic victory She collapsed as soon as she crossed the finish line and was rushed to a medical tent where she spent more than an hour Moaned Leach I never felt that devastated before, and I hope I don't have to experience it again. At Kailua-Kona 126 athletes required some medical treatment, 60 liters of glucose were pumped into their veins.

Why endure so much pain for contests that are short on prizes? Says Gregory Reddan, 36 who came from Benowa, Australia "People need challenge I think perhaps life has become too regimented." For many members of the fitness generation ordinary long-distance exploits have become routine. They think I m absolutely crazy back home observes Christine Bariett, 34, a veteran marathoner. You run a matathon, you know what it's like But this. To Ian Jackson, 38, of Little Rock Ark the experience is transcending. "It's like 140 miles of breath meditation," he says. The last few miles of the run are like champagne bubbles of bliss."

In Hawaii the crowd mostly the competitors families, was warmly supportive. One wife compared the camaraderie with that of a gypsy camp. But living with a triathlete who may train 35 hours a week is not easy. Carol Perrizo 32 of livine. Calif whose husband competed summed up the problems. "I had people telling me I was a fool to agree to let my husband train for this, that the marriage wouldn't last. My kids saw him for 30 minutes maximum each day and that was at dinner. It's been hell. Total hell.

If that is so the legions of the damned are growing fast. Organizers plan to expand the United States Triathlon Series to ten cities, and international events are be-

ing considered. As a result commercial sponsorship of the contests will probably increase The Ironman will set entry requirements next year to thin out the applications and many fear that the spirit of the game could shift from emphasis on finishing to winning If the games were spoiled or worse, became boring one solution might be to require triathletes to run the marathon backward -By Gregg Morris Reported by Jeff Melvoin/ Kallua-Kona

59____



TOBER 25 1982

Essay

The Making and Keeping of Enemies

nyone can make friends these days since the claims to friendship are usually based on 'Hello" and a lunch, but the making of enemies, there is an art to that It is infinitely harder to win enemies than friends and harder still to hold on to them Remember the subject is real enemies not just those pests of whom one thinks with a dull bored ache from time to time, or those whose irritating presence makes one pine for Madagascar A real enemy is in a different league. He is a hated hater a mirror image of one's meanest desires. He wants to do unto you exactly as you would do unto him.

Such people are rare and valuable and with the proper care and feeding they may last a lifetime. An enemy well nurtured is a joy forever. When he is not maligning you in public, he is maligning you in private, when he is not maligning you in private, he is contemplating doing so. Wherever he is, some assault against your person is being committed. Wherever he has been, your bones lie heaped. He is enormous. In your dreams his shoulders

press against your skull. He himself never sleeps. There is too much mischief to be done too many calumnies begging to be aired. And think it is you who brought this creature into being. He lives and fumes solely for you

No wonder then that writers have taken such pains to portray the power of certain enemies that power being a testament to their heroes own Milton gave Satan the height of a colossus in order to emphasize the magnificence of his opponent Similarly Sir Arthur Conan Doyle had Holmes near quavering when Professor Moriarty first filled his doorway 'My nerves are fairly proof Watson, but I must confess to a start when I saw the very man who had been so much in my thoughts standing there on my threshold His appearance was quite familiar to me He is extremely tall and thin, his fore-

head domes out in a white curve, and his two eyes are deeply sunken in his head. Not that enemies have to be great in physical stature, small people often make the very best. It is that they must be huge in the imagination, ubiquitous, ready to don disguises or change shape entirely. Perhaps the point that Satan wished to make by turning into a serpent is that if one is to be susceptible to enmity, he will find it in even the lowest forms.

Enemies like Satan are the top of the line, of course, which is why one discovers them only in fiction Real 'ife enemies are rarely protean usually they assume a single form with which they are comfortable and stick with it. There is the help-seeking enemy for example who plays upon the odd fact of human behavior that by requesting your aid or advice he lowers himself before you and thus disables your wrath by your own sense of shame. Then too there is the help-giving enemy, who attempts to pile so much generosity about your head that you are brought to your knees in response There is the next-of-kin enemy as well, who takes out on a loved one the wickedness he intends for you Finally, there is the worthiest of the lot, the open-and-aboveboard enemy who declares stiaight out that he yearns for your obliteration Unfortunately, people of this type are so admirable that the temptation to convert them to friends may be overwhelming. This one must resist If it is true that former friends make the best enemies, the converse is also true, and one would hate himself for destroying a fine antipathy through sheer carelessness

History is in fact littered with once bitter feuds that sweetened over time simply because the combatants lacked the will of the stamina to sustain them. For three delightful centuries, the Nicolotti and Castellani families of Venice enjoyed so virulent a relationship that citizens would gather to watch them fight it out on what came to be called the Ponte dei Pugni, the Bridge of Fists. If they were not doing battle there, they were knocking one another about on a drawbridge that the authorities would raise, leaving the two factions glowering at each other impotently from opposite sides. Yet the brawls eventually dissipated into athletic contests, and in 1848 the families were formally reconciled in a ceremony at dawn. The pact was kept secret so as not to dismay the rest of the city.

Dickens and Thackeray warred warily for years—as only competing authors can—over implied slights and suggested injuries. But this feud also disintegrated in conciliatory mutters and a handshake. So it goes too often. Even the Hatfields and the Mc-

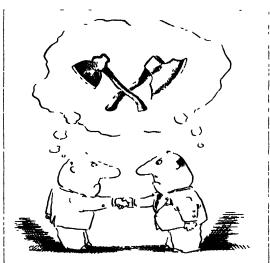
Coys are said to be on cordial terms these days. Who knows but that in the dank unhealthy future lies the collective rapprochement of I illian Hellman Mary McCarthy. Diana Trilling Truman Capote. Gore Vidal and Norman Mailer - all hugging wildly or nodding demurely in disgusting displays of propriety? One can hardly rely on anything.

The trouble is that great enmitics often flourish between equally great people and no matter how harsh or deep the animosity a good enemy will often become first recognizable then familiar and eventually even likable. My only love sprung from my only hate! said Juliet thus crumbling in an exclamation what her forebears took decades to develop. When the American Civil War was over Walt Whitman lamented. My enemy is dead a

man divine as myself is dead. With enemies like that who needs friends' This is the danger of applying conscience to what ought to be conducted by naked reflex. It is benumbing to consider how many perfectly good enmittes have been ruined by the imposition of gentleness fatigue or common sense.

ut how does one go about creating a perfectly good enmity one that will bud and flower and last? A direct insult is effective on occasion especially if the insult is housed in a witticism that the prospective enemy does not quite get. This affords two offenses at once. A demonstration of superiority will do even better, particularly when accompanied by one's earnest desire not to belittle one's opponent. (The opponent will always be aware of this and despise you more for the effort.) Ingratitude, treachery, a difference of opinion or principle these things make enemies too, but suprisingly they tend to wear away fairly soor perhaps because they are blatant offenses and thus offer greates chance of amelioration by being discrete and defined. True enmities are subtler. Indeed a very good way to make an enemy is often simply to be oneself since many enemies genuinely enjoy the idea of being enemies and are keenly on the lookout for enemies of their own.

If Othello had not existed, for instance Iago would surely have had to invent him, otherwise Iago would have had no guiding purpose for his mischief no reason to realize his full potential

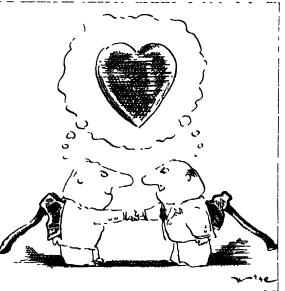


for troublemaking. In the same way Richard Nixon undoubtedly needed his enemies list more for self-definition than for self-protection. Some pople are not themselves without a fullitude of targets for their bile or lars so they deliberately ensure heir own supply Gossips are in this ategory. Gossips never lack for enemies. Since they are born envying the universe, they inevitably regard it as hostile.

For such reasons it is easier to make an enemy than to preserve one though as in the making, there are established ways to prevent one's enemies from slipping away. Proximity helps considerably Neighbors and schoolmates make excellent antagonists because the frequent sight of each other enhances mutual contempt the eyes narrow so cloquently in the halls. Injury is useful as well. There is nothing like an enemy's

knowledge that he has done you harm to make him loathe you all the more. Forget not success either. Your achievement of anything including momentary cheer will keep the enemy seething like a Doberman. Nor put away charity. The effect of kindness on an enemy is absolutely devastating, and the advantage of employing it is that one might achieve revenge and saint-hood simultaneously.

Of course the purest way to keep an enemy at a boil is to ignore him entirely. Howard Roark, the Nietzschean architect of Ayn Rand's mesmerizing nutwork. *The Fountainhead*, produces a stunning effect when he is confronted by his archenemy. Ellsworth Toohey, Alone with Roark, Toohey asks. Why don't you



tell me what you think of me' Roark replies 'But I don't think of you This tactic has two disadvantages however First, in order for it to work, it has to come naturally, and very few people are so thoroughly self-absorbed as to pay their enemies no heed whatever Second, there is something positive to be gained by acknowledging one's enemies Like all God's creatures, enemies have a purpose in the world. They offer a criticism of one's conduct (albeit unsought) that is not always provided by friends. They also encourage selfesteem How would we know the magnitude of our own worth without someone so worthless attacking it?

But this is sophistry too in a way, for the deep pleasure in the making and keeping of an enemy lies not in his redeeming social value but in the peculiar passion he lends to life. There is simply no force in nature like him,

none that can so suck the oxygen from the air, so tighten the skin about the ears, so clench the fists sweat the palms, so press the tongue against the mouth's roof or stretch the nerves like piano wires. His concentration on you is total. He cares more about your welfare than you do yourself, and he asks so little in return. Only that you continue as you are and that you offer him the same consideration.

See Here he comes now Do you ever feel quite this way with anyone else? Does anybody's smile or greeting affect you as his does? The earth rumbles under his step horses rear, roses wilt, the stars themselves cool in the dark. It is hard to believe a mere mortal could cause such turmoil But there you are

By Roger Rosenblatt

Milestones

MARRIED Steven Ross, 55 high-wattage phairman of Warner Communications and by some counts the nation's best-paid corporate boss with a \$22.5 million package last year and Film Producer Courtney Sale, 34, he for the third time, she for the first in New York City A galaxy of stellar friends—including Cary Grant Pele Steven Spielberg and the feuding Barbara Walters and Frank Sinatra—came out to twinkle at the newlyweds

DIED. Howard Sackler, 52, writer-director whose play The Great White Hope based on the life of black Boxer Jack Johnson won the 1969 Pulitzer Prize, of pulmonary thrombosis in Ibiza Spain In his historical dramas Sackler fashioned grand canvases on which self-determined menclashed against their environment. He was also a poet screenwriter (who contributed to Jaws then wrote Jaws 2), and director for Caedmon Records, responsible for putting the words of such writers as Shakespeare. Lewis Cairoll and James 1990 onto vinyl

DIED. Craig Hosmer, 67, querulous staunchly conservative California Congressman from 1952 to 1974, who was among the nation's most outspoken, knowledgeable supporters of nuclear energy, first in Congress and later as a Washington lobbyist for the American Nuclear Energy Council of a heart at-

tack on a cruise ship off California en route to Mexico

DIED. Virginia Fox Zanuck, 75 once Buster Keaton's leading lady Mack Sennett's tiniest bathing beauty and in 1924 Movie Tycoon Darryl F Zanuck's storybook bride (although they did not live happily ever after) of a lung infection, in Santa Monica Calif The petite (4 ft 9 in) Viiginia I ox gave up her acting career when she met Zanuck, then a struggling scriptwriter on a blind date A renowned Hollywood hostess she zealously sang his praises for years but the marriage was later marred by Darryl's persistent extramarital affairs and by much publicized family power struggles in the 20th Century-Fox boardroom

DIED. Clinton T Duffy, 84, warden of California's San Quentin prison from 1940 to 1952 whose humanitarian reforms inspired warm tributes from many of his inmates as well as imitation by other penologists, of a stroke in Walnut Creek, Calif Born and raised within San Quentins gates as the son of a guard, Duffy took over Q" after five riot-filled years. He abolished airless dungeon-like cells and physical punishments fired guards for cruelty, and introduced such unheard-of civilities as a night school, a cafeteria and an inmate-staffed newspaper. The author of three semi-autobiographical

books and the inspiration for a movie (Duffv of San Quentin) he campaigned ceaselessly against capital punishment after presiding over 90 executions "The death penalty," he insisted, 'never deterred murder before and never will'

DIED. Anna Freud, 86, pioneer of child psychoanalysis whose theories advanced the work of her famous father Sigmund, in London She opposed those who advocated the analysis of pre-verbal children and emphasized the purposeful care of parents and teachers. Applying in practice what she asserted on paper (in eight eloquent volumes) the self-effacing I reud established the first day nursery in Vienna and trained a generation of followers at the celebrated Hampstead Child-I herapy Clinic in England She habitually shunned publicity and deferred to the parent whom she nursed in life and steadfastly defended in death I didn't go to college," she once remarked, 'but I had a wonderful father

DIED. Edith H. Quimby, 91, biophysicist whose research helped to pinpoint the optimal dosage of radiation for various medical purposes particularly its use in cancei therapy, in New York City Part of the atom bomb-building Manhattan Project during World Wai II, she was nonetheless a Cassandra who warned about the dangers of radiation as early as the 1920s

Books



The wind-chill factors of life dictate stern lessons and harsh measures as Jean Malaurie settles down for a long stay in Greenland

A Sahara of Ice

THE LAST KINGS OF THULE by Jean Malaurie
Translated by Adrienne Foulke Dutton, 489 pages, \$25 75

n 1818 British Explorer John Ross arrived in Greenland and gave Arctic nomads their first good look at a qallunaaq a "big eyebrows" In turn, Ross and his seamen gazed on squat Asians wearing bearskin pants Outsiders called them Eskimos, a derivation from the delogatory Cree Indian word meaning "eaters of raw meat "They simply called themselves Inuit, human beings, a distinction born not of racial arrogance but of fact. For centuries the only other walking mammals that most polar natives met used four legs or flippers. The Inuit were built like nature's thermos bottles with short arms and legs, and small hands and feet that conserved heat stoked in barrel-like torsos They ate seal meat and blubber, wiped the grease from their lips with partridge wings and talked mostly of hunting and sled dogs

It was a classic encounter Restless, acquisitive men of iron, canvas and hemp confronted a communal society of bone, skins and thong The outcome, too, was familiar Skilled at catching birds in nets, the Inuit themselves were about to be scooped up in the cash nexus A hitherto unknown clock was imposed on the culture and its days were numbered

Jean Malaurie, director of the French Center for Arctic Studies, sets the alarm for 1951, when the US, with the permission of the Danish government, began construction of an Air Force base at Thule It was also the year that Malaurie completed months of darkness and months of light living among the vanishing "Hyperboreans," the name ancient Greeks gave to a mythic northern race. The author prefers "Polar Eskimo," and estimates that there are about 100,000 of them 39,000 in Greenland 35,000 in Alaska, 23,000 in Canada and 1,600 in the Chukotski region of Siberia.

Officially, Malaurie entered Greenland's Sahara of ice and snow as a geologist But land formations could not rival

Excerpt

When adventure does not come to him, the Eskimo goes in search of it. In 1906, a group of eight families whom Peary had taken aboard his ship left it one day because they found the monotony of life on board oppressive and its The families comforts upsetting spent eight months traveling on foot over the hundreds of miles that the ship covered in twenty-two days Their trip was in many ways dramatic The families suffered cruelly and often came close to death. When they reached Etah, they had only a few half-starved dogs But all of them were ready to start out again. How can life be worth living if it offers no surprises, no adventures?

the relationships he shaped with his hosts. His life was in their hands, and though they did not know it, their immortality was in his cold fingers. Whenever necessary he would remove his mittens to record minute details of traditional life. It is the search for time newly refound that I offer the reader's says Malaurie. The result. The Last Kings of Thule, is a poignant endlessly informative valedictory that relives a great Arctic adventure in the tradition of Peary Cook and Rasmussen.

Except for his proud Gallic nose the author blends in He dresses in native furs, cracks the whip expertly over his sled team, and gnaws blubbery popules in the glow of an igloo oil lamp. He falls into the rhythms of polar life and begins to view this white-on-white world through the eyes of an Inuit

Malaurie is treated hospitably but not coddled. His hosts are communists, not liberals. The wind-chill factors of their lives dictate stern lessons and harsh measures. The aged are no longer left to die, but there are no discounts for senior citizens. Orphans go to the bottom of the social ladder, and the ASPCA would not be pleased to learn that some polar dogowners toughen their animals with hunger and the club.

A culture defined by extreme hardship keeps its values simple and its instincts honed "The hunter in the North for whom fear and courage are interallied," writes Malaurie, "would smile if one talked to him about heroism" Indeed, he notes, there is no word for heroism in Inuit "One lives, one struggles, one dies If there is nothing to eat, you lie down and wait Emotional involvements are brief Trouble always lies in the offing"

In 1967 Malaurie returns to Green-

Strong tractor

Fat – one of the world's leading industrial firms

Founded in Italy in 1899, its products are the fruit of research and practical experience, and are now marketed in more than 150 countries

The Fiat Group is divided into 10 oper-



Meir presence on Every continent ating sectors
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comprising
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One of the world's leading manufacturers of agricultural tractors. About 10% of all tractors constructed in the Western world are made by Fiat. Fiat Trattori leads the world in the manufacture of four-wheel drive tractors and of agricultural crawlers its range consists of over 60 models from 30 up to 350 HP.

Over 70% of its output is exported to more than 90 countries

The company is top of the European sales league

The reliability of Fiat's tractors is demonstrated by

strong farmer

Laverda. One of Europe's biggest makers of harvesters. The leading manufacturer of rice harvesters. Present in over 40 countries.

Its harvester range extends from 70 up to 240 HP These machines can be suitably converted for the harvesting



of wheat, or maize, rice, minor cer-

eals, legumes The range also includes self-levelling harvesters for use in hilly country **Hesston** A pacesetting company in the field of fodder harvesters. It is mainly engaged in the design and manufacture of agricultural implements, such as mower-conditioners, haymakers, fodder harvesters, win-

drowers, rotary mowers, balers, beet harvesters, cotton harvesters, liquid manure spreaders, cultivators, back-



hoes, tillers, and snow-plowers

Fiat Trattori is also engaged in the preparation and implementation of agricultural development schemes with various government offices in different countries



land to find Polar Eskimos in the sort of trouble their ancestors could not have dreamed of Danish welfare, a money system and processed foods have badly stretched the bonds that give a hunting society its cohesiveness and strength Eating no longer requires special skills or cunning even for the foxes who gorge themselves at the Thule airbase garbage dump

Malaurie does not romanticize the passing of the old ways. A people whose total energies were geared for survival no longer turns from new things that make survival easier What the author wants is a balance that might preserve the Inuit spirit The threat to that spirit is illustrated by an American businessman who asks an Eskimo carver to mass-produce an ivory figurine Naturally the American wants a volume discount. The native craftsman has a more natural idea. Iurning to an interpreter, he says "Tell this silly gallunage that the more of them I make alike, the more expensive it will be because it will be more boring to make them' - By R.Z. Sheppard

Notable

ATI ANTIC HIGH
by William F Buckley Jr Doubleday,
262 pages, illustrated, \$22 50

A uthor-Editor-Raconteur-Gadfly William I Buckley Jr has already delighted friends and charmed critics with his account of a joyous transatlantic sail in Anborne (1976) So why, five years later is Buckley charting the same course? Because as he explains, the wedding night is never enough. Or to put it less metaphorically the first trip and book were so successful that Buckley could not resist the temptation to set sail all over again.

And a good thing too Atlantic High will not displace Two Years Before the Mast or Moby Dick from even the most loyal conservative's bookshelf. Buckley's voyage is a piece of cake compared with those undertaken by Richard Henry Dana Jr or Herman Melville The storms encountered by the chartered 71-ft ketch Sealestial are really industrial-strength squalls, the calms are overcome by the expedient of switching on the engine. It is Buckley screw--as fine a collection of overachievers as ever spliced the main brace—who make the trip a sentimental journey On the way the author analvzes celestial navigation. The mortal enis the plain, dumb silly mistake emv and discusses subjects as disparate as Ameiican literature, fatherhood and literary correspondence 'Everybody who has dominion over any kind of press space spends considerable time answering letters from convicted felons On all of them he is diverting and refreshingly free of bias and political cant. The sea seems to affect him as it does the crew disagreements on boardpolitical navigational and aestheticdissolve in a common affection for sailing

Books



William F. Buckley Jr.

Disagreements dissolve in affection

Skilled or able to make up in enthusiasm what they lack in seamanship, Buckley and his band have such a good time that they are melancholy to make their final landfall and see their voyage end "Readers can only share that sentiment as they approach the last page

DEADLYL DICK
by Kurt Vonnegut
Delacorte 240 pages, \$14 95

merica's most easily understood novelist is back. And forth. In his new book, Kurt Vonnegut once again traverses time and space, filling the pages. With short sentences. And placebo profundities. To the as-yet-unborn to all innocent wisps of undifferentiated nothingness. Watch out for life." And bromides the witching hour, 'laughingstock,' dumb luck,' social leper."

These terms are from the account of Rudy Walt/ pharmacist playwright and nonstop bore Rudy was twelve when he fired a Springfield rifle out of a window And killed a pregnant woman eight blocks away On Mother's Day Hence the sobriquet Deadeye Dick Talk about irony

Now at the age of 50, Rudy, still a virgin looks back over the wreckage of his life. He recalls the husband of his victim warning. We cannot get rid of mankind's fleetingly wicked wishes. We can get rid of the machines that make them come true. I give you a holy word. DISARM."

But no one listens Catastrophes proliferate His father, who befriended Hitler during their student days in Vienna expires in a blizzard, muttering "Mama" And Mama dies from tumois engendered by a radioactive mantelpiece In his home town a neutron bomb is accidentally exploded The townsfolk die The buildings remain

In case some benighted sophomore has trouble tracing the symbolism. Vonnegut supplies a textual analysis in his preface In the book, he writes, there is an "unappreciated, empty arts center in the shape of a sphere. This is my head. The neutered pharmacist who tells the talents my declining sexuality. The crime recommitted in childhood is all the bad things I have done."

Throughout, the author includes some dozen detailed recipes for dishes as varied as Haitian banana soup, chillins and Linzer torte. They, at least have something to do with taste.

SECOND HEAVEN by Judith Guest Viking, 320 pages, \$14 95

n her second work of fiction Bestselling Author Judith Guest (Ordinar) People) has rearranged the furniture repapered the bathroom and polished the silver Unfortunately, these are the enonly alterations she has made in prosection style or personnel. Here the ordinary attorney Michael Atwood (divorced) and the ordinary housewife Cat Holzman (divorced) team up in the ritzy suburbs of Detroit to save a teen-age runaway Gale Murray (battered child) The adults have already triumphed over the agony of their respective separations. Gale 16 appears on Cat's doorstep one night with a badly burned hand a victim of his religious-fanatic father's terrible chastisements

The members of the trio play discords and harmony based upon Guest's familiar melodies. As for love—what did anyone ever really know about it? You did what you had to do "The effect is relieved only when the author writes about what is further from her own experience. Gale's sojourn in a county facility for problem children moves with a poignant freshness and a depth of emotion, proving that in Guest's case, talent advances with the imagination. Away from the shaded streets of suburbia her gift appears anything but ordinary.



Judith Guest
Discords based on familiar melodies

Computers

Spening the "Trapdoor Knapsack"

An Israeli mathematician cracks a formidable code

I ve years ago, computer scientists at Stanford and MIT made a pair of chummy but keenly competitive \$100 bets A team at each university had devised a secret code to protect computers from electronic intruders by scrambling and unscrambling the data in a complex fashion Each team offered cash to the first mathematician who could crack its code, figuring that the deciphering could not be done in much less than a million years To the surprise of all concerned, however, the Stanford scheme sprang a Teak this year, putting \$100 in the pocket of a determined young Israeli theoretician and raising troublesome, and potentially costly, questions about whether

The Stanford coding system was cracked by Adı Shamır, 30, an Israelı expert in the branch of mathematics known as complexity theory Shamir was at M I T in the late '70s as an associate professor of mathematics, and in fact helped write the M I T code that competes headon with Stanford's Last spring, back in his spartan, second-floor office in the Weizmann Institute of Science in Rehovot, the lean, blue-jeaned mathematician settled the old wager he found a way to unravel the original Stanford system The code Shamir broke after four years of hard work was no Buck Rogers-Dick Tracy cipher It was a charter member. along with the MIT code, of the new

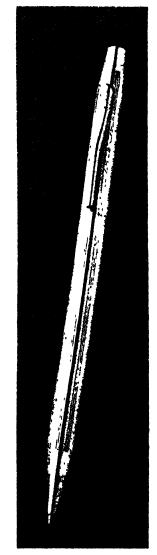


computers can ever be made to keep their secrets

In the past, such a breakthrough in cryptography might have mattered only to a few hundred cryptanalysts and a handful of spies Today, however, the demonstration of a code's vulnerability inevitably has worrisome implications for the way banks and multinational firms do business Consider the stakes the US banking system alone moves some \$400 billion by computer around the country every day, yet many banks ump money onto the wires and over atellite networks with little or no enciyption, or coding, at all Predicts Mathematician Ralph Merkle, a member of the Stanford codemaking team "One of these days someone will break into a wire-transfer banking network and siphon off all the contents Then there will be a lot of interest in cryptography '

"public key" family of encryption schemes, so called because one of their secret code words or keys can be made public without giving anything away

Most codes have only one key, usually a string of letters or numerals, that determines how a piece of plain text is to be scrambled and unscrambled By permitting their key to be openly published, the new codes have a great advantage over all conventional message scramblers, including the popular Data-Encryption Standard (DES) code, developed by IBM and endorsed by the National Bureau of Standards To send one message with a DES code requires at least two separate transmissions one to send the coded text and another to send the secret key that unlocks it "The big problem in data encryption is managing the keys," says one executive in charge of computer security "That's the thing that drives people crazy" With a large electronic mail system, in which us-



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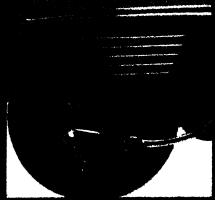
ers send each other notes by computer, each user sending coded messages needs separate keys for every combination of sender and receiver. One thousand us require nearly half a million keys. In 1976 Merkle and two other researchers at Stanford, Martin Hellman and Whitfield Diffie, attacked the unwieldy problem of key distribution. In one of the cleverest shortcuts in modern cryptography, they replaced the single key used in conventional schemes with two separate keys related only by a complex and deliberately dense mathematical formula.

Litto keys for each subscriber to the system Dick Tracy, should he choose to subscribe would select his own two keys, much as a bank will permit customers to choose their own cash-machine passwords If Buck Rogers wants to send Dick Tracy a secret communication, he simply looks up Dick's public encoding key in a directory and uses it to gaible his message No one without access to Dick's secret decoding key not even Buck himself can read the resulting scramble of letters and numbers

In Israel, Shamir challenged a version of this dual-key scheme. The Stanford code, based on a conundrum known among mathematicians as the 'trapdoor knapsack' system was thought to be so fiendishly complex that even the world's most powerful computers could not crack it But Shamir proved otherwise Exploiing recent advances in an obscure branch of number theory, he bore into the trapdoor knapsack system and revealed that, the secret decoder could in fact be unraveled by analysis of the encoder that was published 'I was sitting alone staring at the wallboard on which some equations were written," he recalls "Suddenly everything fell into place, all the pieces I saw the missing links and I knew just what to do "Insists Lee Segel, head of Weizmann's faculty of mathematical sciences "He kicked the competition in the teeth"

The public-key concept may survive Shamir's master stroke Secret codes, like fine wines, tend to improve with age. The competing code system Shamir co-authored at MIT remains, for the moment, uncracked But the discovery of so basic a flaw in the Stanford scheme is no small matter When public-key codes first started appearing in scientific journals, Admiral Bobby Inman, then head of the National Security Agency and until recently deputy director of the CIA, worried in public about the Soviets' and other hostile naz tions' learning to develop uncracing able codes simply by studying published US encryption work But that fear may have been misdirected on the contrary. the real security problem for the electronic age may be that no computer can be made completely safe from intruders de----By Philip Faffick. termined to break in Reported by Russell Leavitt/Los Angeles and Martin Lovin/Jorusalom







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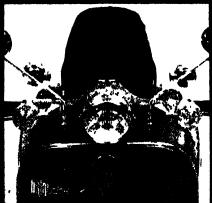


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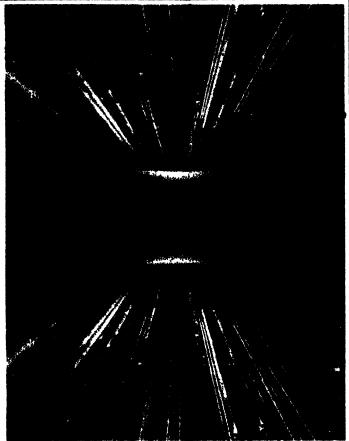


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